The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

A New Japanese Policy in the Making

ARTICLES IN THIS ISSUE

Recognition of Manchukuo---Why Not Include Korea?

"People's Tribune" on Japanese Military Policy and Chinese Dictatorships

Japanese Military Officers Hold Conference at Dairen to Discuss Border Problems

How "Iron Bloodhood" Plotted Death of Japanese Leaders

A Little Note on Shanghai's Traffic Problem

Decisive Fight With Reds Imminent in West China; Wang Ching-wei Foresees World War

The Orchid, the 'Kaoliang' and Mt. Ch'angpai
(By the Review's Peiping Correspondent)

Japan's Public Opinion Toward Manchukuo Revealed Through Reorganization of Administration *(By the Review's Tokyo Correspondent)*

Japan's New China Policy in the Making . . By C. K.

Hu Han-min's Three Proposals . . . . . By Paul K. Whang

The Chinese Press Since 1925 . . . . . By T. B. Chang

Progress of Communications in China . . . By Chu Chia-hua

Some Reflections on the Franco-Italian Agreement . . . . . By Geo. W. Missemer

SATURDAY, JANUARY 12, 1935 VOLUME 71, NUMBER 7

FORTY CENTS A COPY

71-235

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

Down Trains										Up Trains							
41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep. Peiping - - -	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,, Fengtai - - - -	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,, Langfang - - -	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,, Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr. Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep. ,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	4.50	
10.38		12.47		18.03	Stop	1.10	14.47	,, Tang-ku - - -	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,, Lu-tai - - - -	,,		5.25	11.41	13.48	17.43	4.08		
12.52	FOR SHANGHAI	14.42	FOR PUKOW	20.11		3.32	16.39	,, Tang-shan - -	,,	FROM SHANGHAI	4.15	10.30	12.50	16.37	2.58	FROM PUKOW	
13.39		15.17		20.47		4.20	17.14	,, Ku-yeh - - -	,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,, Lanhsien - - -	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,, Chang-li- - - -	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,, Pei-tai-ho - - -	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,, Chin-wang-tao -	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr. Shan-hai-kwan -	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep. ,,	arr.						21.26		
		16.25						arr. Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

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January 9, 1935

Business Done:
Total Volume:- 1,190,000 Shares

1933-34 High	1933-34 Low	Div. $ per sh.	STOCKS	Last Sale Jan. 7	Last Sale Jan. 8
115⅝	47½	3.00	Air Reduction	115⅜	114⅝
33	11⅛	1.20	Alaska Juneau	19¼	19¾
160¾	70¾	6.00	Allied Chemical	140¾	138
26⅝	6	—	Allis Chalmers	17¼	17
42½	9¼	0.80	Am. Brake Shoe & Fdry.	29¼	29¼
117¼	49½	4.00	American Can	116⅛	115½
89⅞	13	—	Amer. Commil. Alcohol	31¼	31
22½	3¼	0.25	Amer. Cyanamid "B"	16⅝	16⅝
19⅝	3⅞	—	American & For. Power	5	4¾
39⅛	5⅞	—	American Locomotive	19½	19½
19	4⅝	—	American Radiator	15⅞	15¾
53½	10¾	—	American Smelting	39⅝	38⅝
134¾	86½	9.00	American Tel. & Tel.	105½	105½
94⅝	50⅝	5.00	American Tobacco "B"	86⅝	86½
42¼	10⅞	1.00	American Waterworks	14¼	14⅛
22⅞	5	—	Anaconda Copper	10½	10¼
35¼	12⅜	1.00	Atlantic Refining	25⅜	24¾
84¼	16⅞	—	Auburn	28⅞	27⅝
87⅞	8¼	—	Baltimore & Ohio	14⅝	14⅝
49½	10⅜	—	Bethlehem Steel	33¾	33½
11	6¾	—	Boeing Airplane Co.,	9⅞	9½
31¾	5½	1.00	Borg Warner	30⅝	30
20⅞	7½	—	Canadian Pacific Railway	13½	12¾
103½	30½	—	Case, J. I.	59½	58½
40¾	15⅞	1.40	Chase National Bank	25⅝	25⅝
52½	14⅞	2.50	Chesapeake Corporation	44½	44
60⅜	7¾	1.00	Chrysler	41¾	40¼
28⅛	6⅞	—	Columbia Gas & Electric	7¼	7
57¼	9	0.60	Coml. Solvents	23⅜	23⅛
6½	1	—	Commonwealth & Southern (ord.)	1⅛	1¼
64¾	19	2.00	Consolidated Gas of N. Y.	19⅝	19¼
66⅞	23¾	2.40	Continental Can	65½	66
23¾	4⅞	1.00	Continental Oil	18⅝	17¾
90⅝	45⅜	3.00	Corn Products	66	66⅛
9⅞	2	—	Coty Inc.	6⅜	6¼
28½	10¼	—	Douglas Aircraft	24⅛	23½
103⅞	32½	2.60	Du Pont de Nemours	99	96¾
117	46	4.00	Eastman Kodak	117	116½
31⅜	10	—	Electric Auto Lite	28⅛	27⅞
41⅝	6½	—	Electric Bond & Share	6¾	7⅝
19	8¼	—	Fox Film "A"	13	12⅞
50⅝	16¼	2.00	Freeport Texas	25	24¾
43⅝	13¾	1.00	General America Transport	37⅝	37½
30¼	10½	0.60	General Electric	23	22⅞
39⅞	21	1.80	General Foods	33⅞	33⅞
42	10	1.00	General Motors	33⅝	32¾
28¾	3¾	1.00	Glidden Co.	27¼	27¼
27⅝	12	1.20	Gold Dust	17⅞	17⅝
47½	9¼	—	Goodyear Tire & Rubber	26⅝	25½
81½	15	3.00	Hercules Power Co.	76¼	77⅝
50¾	7½	—	Illinois Central	17½	16¾
40	6½	—	International Cement	32⅞	32
46⅞	18⅛	0.60	International Harvester	42½	42
29¼	6¾	0.60	International Nickel	24¼	23⅞
21⅜	5¼	—	International Tel. & Tel.	9½	9⅜
66¾	12¼	—	Johns Manville	56	55
26	7¾	0.60	Kennecott	18¼	17¾
110	49	4.00	Liggett & Myers "B"	109	108
37¼	8½	1.00	Loew's Inc.	32⅝	32½
25¼	10⅜	1.20	Lorillard	21	21
35⅜	8⅜	—	Montgomery Ward	29⅞	29¼
43	16⅞	1.00	National City Bank	23⅛	22⅝
33¼	16¼	0.50	National Distillers	28	27½
58¼	14	—	New York Central	21¼	20¾
36½	10¾	1.00	North American	12⅞	12¾
96¾	31½	4.00	Owens Illionois Glass	84	85
31⅞	13¼	1.50	Pacific Gas & Electric	14½	14¼
43⅜	21	3.00	Pacific Lighting	22¾	22⅜
6⅞	1⅜	—	Packard Motors	5⅝	5¼
42¼	13¾	1.00	Pennsylvania Railroad	25	24⅝
20⅜	4⅝	1.00	Phillips Petroleum	15½	15
12¼	3	—	Radio Corporation	5¼	5⅛
54¼	26½	3.00	Reynolds Tobacco "B"	51¼	51⅛
51⅜	12½	—	Sears Roebuck	39¼	39¼
19⅞	6	0.60	Socony-Vacuum	14⅞	14⅜
28	10¼	1.50	Southern California Edison	11⅞	12
22½	4	—	Standard Gas & Electric	4¼	4⅛
50⅛	22¾	1.00	Standard Oil Co. of N. J.	43⅜	42⅞
66¼	45⅜	3.80	Sterling Products	60	60⅜
30½	10⅜	1.00	Texas Corporation	21½	20⅛
9⅜	2⅝	.12½	Transamerica	5⅜	5⅜
51⅞	19⅜	1.40	Union Carbide & Carbon	47¾	47¼
133⅞	61¼	6.00	Union Pacific	110	110¼
15⅛	8⅛	—	United Aircraft (New)	14⅝	14¼
14½	2⅞	—	United Corporation	2⅞	2¾
26	11⅝	1.20	United Gas Improvement	12¼	12⅝
62½	21½	2.00	Universal Leaf	58¾	58
25	2⅞	—	U. S. Rubber	17	16⅜
67½	23⅜	—	U. S. Steel	39⅜	39⅜
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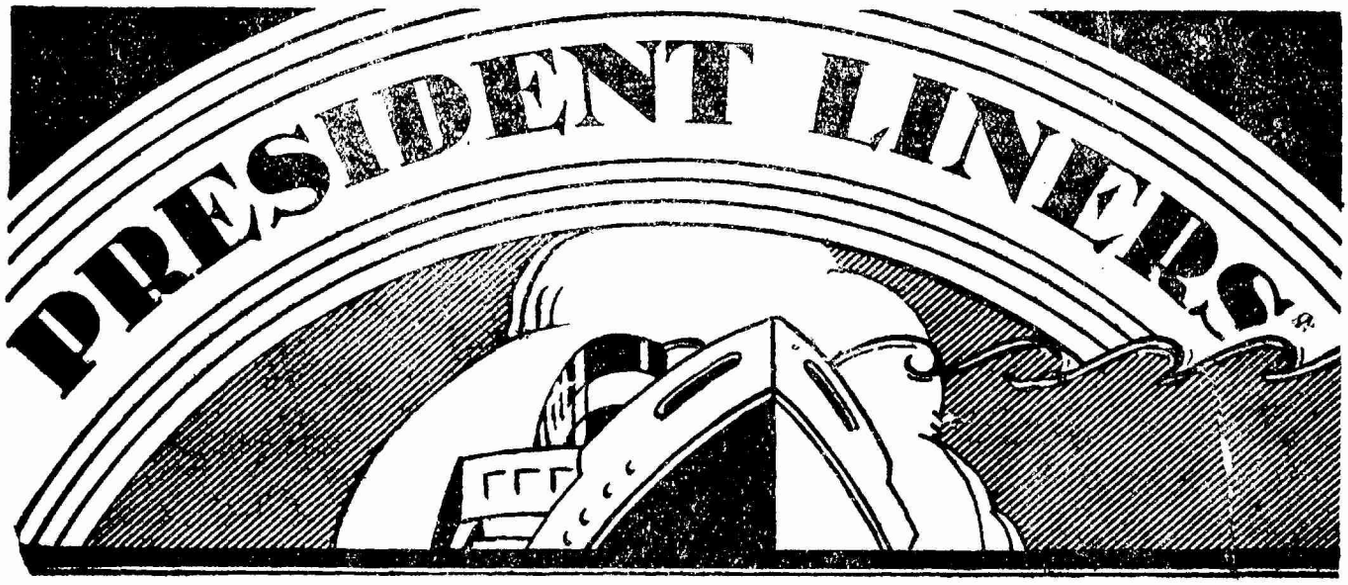

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The China Weekly REVIEW

Formerly Millard's Review

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THE CHINA WEEKLY REVIEW

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE. POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

Contents

Editorial Paragraphs

Recognition of Manchukuo—Why Not Include Korea? 209
A Little Note on Shanghai's Traffic Problem..... 210
"People's Tribune" on Japanese Military Policy and Chinese Dictatorships..... 211
Japanese Military Officers Hold Conference at Dairen to Discuss Border Problems 213

Special Articles

Some Reflections on the Franco-Italian Agreement ..... By Geo. W. Missemer 214
Decisive Fight with Reds Imminent in West China; Wang Ching-wei Foresees World War 215
Japan's New China Policy in the Making ..... By C. K. 220
How "Iron Bloodhood" Plotted Death of Japanese Leaders 221
The Chinese Press Since 1925.....By T. B. Chang 227
Japan's Public Opinion Toward Manchukuo Revealed Through Reorganization of Administration 230
The Orchid, the 'Kaoliang, and Mt. Ch'angpai... 232
Progress of Communications in China ..... By Chu Chia-hua 234
Hu Han-min's Three Proposals .....By Paul K. Whang 236
Who's Who in China..... 237
Men and Events 238
New Books of Interest in the Far East 241

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

RECOGNITION OF MANCHUKUO---WHY NOT INCLUDE KOREA?

REPUBLICAN politicians in the United States must be hard up for issues when they urge the recognition of Manchukuo. The latest to make this proposal was Hamilton Fish, member of the House Representatives from New York. According to the *United Press* message from Washington dated Jan. 6, Mr. Fish urged the adandonment of what he termed America's "hypocritical" attitude toward Japan. He also said it was equally hypocritical for Britain and France, "who have grabbed half of the world" to tell Japan that she has no superior rights in Manchuria—just as it is for the United States to sit in moral judgment on Japan "after our seizure of the Panama Canal zone and continued maintenance of the Monroe Doctrine." There was a suggestion, however, of motive in Mr. Fish's statement for he also said that it would not be difficult to adjust the naval issue and trade controversy with Japan "provided we do not persist in passing moral judgment upon Japan and continue telling her what she should do in Manchuria."

If we are not mistaken Representative George Holden Tinkham of Boston, also a Republican, made a somewhat similar proposal recently, both these politicians apparently having forgotten that the present American policy on the Manchurian issue was established by Secretary of State Stimson in the Republican Hoover administration. It therefore appears that these Republican politicians, after an inspection of the political landscape at home and abroad, think they have found something to use against the present administration. Possibly they obtained the tip from the Japanese Ambassador in Washington, for the Japanese undoubtedly would be quite happy to compromise on other issues directly affecting the United States if they could induce Amerca to recognize the seizure of Manchuria and Japan's self-asserted hegemony in Asia.

It doesn't require much knowledge of history to find historical parallels for Japan's seizure of China's northeastern provinces; any schoolboy can do that. The question is whether the world is going backward or forward?

Furthermore, if Messrs. Fish and Tinkham would investigate the present situation in the puppet state of Manchukuo they would find that it possesses no independence and is almost as much a part of Imperial Japan as is Korea. There are between 80,000 and 100,000 Japanese troops within the territory and according to the new provincial arrangement, Japanese military garrisons, gendarmerie and police establishments are being set up in practically every county and the previous Chinese administrations displaced. The former Chinese ("Manchu") officials who previously cooperated with the Japanese in the governmental set-up at Changchun have now been relegated so far into the background that their authority is little above that of office boys. Japan controls the currency, the tariff, foreign relations, domestic policing, foreign defense, opium monopoly and recently has kicked the foreign oil companies out and established an oil monopoly also controlled by the Japanese. The puppet "Emperor" Pu-Yi is scheduled shortly to visit Japan on an official mission. It is not unlikely that he may, while in Tokyo, sign an abdication agreement somewhat similar to that of the Korean ruler a few years ago.

American recognition of Manchukuo would not change the situation in the slightest and would not delay the present drift toward Japanese annexation. It would only have the effect of making the United States ridiculous and disgust millions of Chinese with America's hypocrisy. Therefore we suggest in all seriousness to Congressmen Fish and Tinkham, if they are sincere on this issue, that they also include in their proposal American recognition of Korea, with which "nation" we still have a treaty in which we promised to render assistance against foreign aggression!

A LITTLE NOTE ON SHANGHAI'S TRAFFIC PROBLEM

IF the average American who lands on these shores for the first time, be he businessman, journalist or tourist, were asked what was the sight in Shanghai that amazed him the most, his answer would in all probability not be, either the ubiquity of Neon lights, or the number of fine new hotels and apartments, or the many other thing which Shanghailanders take pride in, but the fact that although he comes from the country of hustle and bustle, and speed at all costs, he beholds a sight which he cannot find in his own country with its vast expanse of thousands of miles —namely the spectacle of motor cars blasting their way through on *both* sides of street cars while they are at rest at their stopping places, and on the *off* side while they are in motion. America has the reputation of being a lawless country, and being lax in the enforcement of its laws, but woe betide the speed-mad motorist who would attempt to try any of the stunts that are to be seen any minute of the day here in Shanghai as a matter of routine. Neither in the hamlets of the middle west nor in the bustling metropolises of New York, Chicago or Boston, would any motorist think of passing a street car at rest. It is a rule most stringently enforced. To use a well known "English" expression, it is a thing that is not done. Much less would any motorist in the United States think of passing a street car on the "off" side. Any infraction of this rule will instantly bring a "ticket" from the minions of the law. Many a traffic policeman in the United States will excuse infractions of the traffic laws, if spoken to nicely, but *not* an infraction of the rules about passing street cars. That is absolutely enforced to the limit. Not only that, but in the state of New York there is an additional regulation, namely that the motorist who trails behind a street car must keep eight feet to the rear of the street car, either while in motion or at rest, and on the Third Avenue line every street car bears in large letters at its rear end a warning to motorists to observe said law. Even in Pennsylvania's smart capital, Harrisburg—Pennsylvania's auto highways are of such a high quality that one need not look for the official sign to know when the State line North, South or West is reached; the difference in the roads tells the story—motorists must stop when passing into a main highway, and STOP means *stop*, not "hesitate," as many a motorist has learned to his cost. Many of Shanghai's customs date back to the time when Shanghai was a mere village and are not becoming to a metropolis which counts its inhabitants by the million. This idea of motor cars being allowed to pass street cars at rest was based on conditions as they were 25 years ago when the street car traffic was inconsequential and autos were to be counted by a few hundreds, mostly belonging to wealthy "taipans." Now conditions have very much changed, and it is high time that the Foreign Municipality of Shanghai modernized its traffic rules in this respect, and thereby lessen the danger to life which continuation of the present system fosters. There is another relic of sedan-chair days which survives in Shanghai, namely the policy of permitting drivers to cross the lanes of traffic and park their cars hind-end-foremost on the side of the street opposite to which they are travelling. This is an anomaly not permitted in hustling America where motorists are compelled to drive and park their cars in the proper direction—not even in Salt Lake City whose wide streets permit several lanes of traffic in each direction. If in America, where time is money, motorists are compelled to desist from these various short cuts, in the interests of public safety, we rather feel that here in China, the country of traditional leisureliness, they should likewise be compelled to do so. To use once more the hackneyed perversion of the Biblical text, Shanghai is becoming too much a city of the "quick or the dead" to be comfortable.

Dorsey Was Reserve Officer—Not from Regular Army Establishment

The attention of *The Review* has been called by an authoritative source to an error appearing in the issue of October 6 last, page 204, last paragraph of article entitled, "Fast Boeing Fighting Plane Arrives in Shanghai." It was there stated that "Edward Dorsey had been given a short leave from the United States Army Air Corps to demonstrate in China the new type of military tactics which this airplane (Boeing P-26) is capable." The fact is that Dorsey was merely a *reserve officer* and not on leave from the regular U. S. Army establishment.

"People's Tribune" on Japanese Military Policy and Chinese Dictatorships

THE *People's Tribune*, edited by T'ang Leang-li, came out last week in changed form with an 8-page pictorial section which included the photographic likenesses of Lin Sen, President of the Government; Wang Ching-wei, head of the Executive Yuan and concurrently Foreign Minister; Madame Wang Ching-wei, and General and Madame Chiang Kai-shek.

But of much more significance than the mechanically and artistically improved appearance of the magazine, were two editorial articles dealing with Japanese policy toward China and the question of a Chinese dictatorship. The *North-China Daily News* in its comment on the improved appearance of the journal, described the *Tribune* as being edited "in close accord with the views of the government at Nanking . . . that it frequently has been a medium for the exposition of the policy of that government." T'ang Leang-li, editor of the *Tribune*, who is well known as a writer of books dealing with political matters, has long been a close associate of Wang Ching-wei, head of the Executive Yuan. It is therefore not incorrect to say that the *Tribune* unofficially represents the views of the man whose position corresponds to that of premier in most governments, but also reflects to a considerable extent the viewpoint of the non-military elements in the Kuomintang party organization.

So much for the background: Early in December, or about a month ago, correspondents of Japanese newspapers stationed in China began sending dispatches back to Japan expressing displeasure with China's policy and chiefly blaming Wang Ching-wei as being responsible for the situation. One of these dispatches which appeared in the *Osaka Mainichi* suggested that in view of the apparent lack of sincerity displayed by Wang Ching-wei it might become advisable for Japan to cease dealing with Wang and transfer its negotiations directly to Gen. Chiang Kai-shek "who is the actual head of the Government." Shortly after this appeared, Tokyo ordered Y. Suma, the Japanese Consul-General to come home for a consultation, and this prompted the Japanese correspondents to send further dispatches suggesting that this portended a change in Japanese policy. Since the Japanese newspapers are subject to pressure on the part of the powerful military clique, particularly the now all-powerful Kwantung army, it appeared that the Japanese warlords were displeased at something which China had not done or was dilly-dallying about. Exactly what that was, the public was not informed, but on Jan. 6 the Japanese *Rengo* service circulated a message from Dairen telling of an important conference which was held in that city by the commanders of all the important Japanese military units stationed in China and Manchukuo. The fact that Major-General Kenji Doihara, head of the powerful special affairs section of the Kwantung army took a leading part in the conference was sufficient to indicate to discerning persons that important moves were afoot. The *Rengo* dispatch stated frankly that the Japanese military leaders were displeased with China's insincerity; that China was not observing faithfully the terms of the so-called Tangku truce the terms of which had been violated, and so on.

Just what part of the Tangku truce that China is not observing, was not stated. As a matter of fact the public never has been fully informed regarding all the remifications of that agreement. When it was signed, the official announcements stated that it was only concerned with a cessation of hostilities and the demarcation and policing of the so-called demilitarized or "neutral" zone which Japan set up along the southern Manchukuo border. Since that time, however, the Tangku truce has continued to unfold, including resumption of rail traffic between north China and the Japanese puppet state, demarcation of a boundary, establishment of customs offices, and more recently the resumption of direct mail service, and, in the not-distant future, direct exchange of telegraph and radio traffic, agreement on rates, etc. China has been compelled to do everything except grant outright diplomatic recognition to the new state, and from the way things are going, that also may be concealed within the still undisclosed clauses of the Tangku truce which the Kwantung army forced the north China military authorities to sign on May 31, 1933.

Obviously Wang Ching-wei has not enjoyed the swallowing of this bitter pill and has postponed action as long as possible, hoping that something would happen to restrain the Japanese military machine. The same sentiments also probably are held by Gen. Chiang Kai-shek, but with the Chinese reds on his hands and Canton none too friendly, he also has been in a difficult position. Both Wang and Chang want to preserve their government against a direct Japanese military attack, hence have been following the policy of procrastination by giving in to Japan only when threatened. How long they can continue this policy without themselves becoming puppets of the Japanese Kwantung army remains to be seen. Now it would seem that the Japanese are trying to drive a wedge between Wang Ching-wei, the Premier and Gen. Chiang Kai-shek, the head of the military establishment. What the outcome of this move will be is involved in the realm of Chinese politics, but the Chinese leaders should know by this time that Japan's policy toward this country is based on the old method of divide and rule. Any Chinese official who thinks he may gain an advantage by relying on Japanese help should study the situation in Manchukuo where the Chinese who originally cooperated with the Japanese military, have now been relegated to a position somwhat lower than that of office coolies.

Now we turn to the other subject discussed in the *Tribune*, the matter of a Chinese dictator. It seems that Gen. Chang Hsueh-liang, former military head of the Chinese administration in Manchuria, gave an interview to the correspondent of the *Washington Post* wherein he recommended a dictatorship as the only means of solving China's problems. As dictator he recommended Generalissimo Chiang Kai-shek. A Chinese writer, Kao Chin-hsuan, raised serious objection to this suggestion and the editor of the *Tribune* concurred in the view, that Chang Hsueh-liang (now stationed in Hankow) should stick to military affairs and not be discussing political matters with newspaper correspondents. It should be stated that Chang Hsueh-liang, after being forced out of Manchuria and north China by the Japanese military machine went to Italy on a political vacation. There he came into intimate contact with Mussolini and became a great admirer of the Italian system. Since returning to China he has on more than one occasion expressed himself in favor of a dictatorship. That there is a definite drift toward a military dictatorship in China is probably an inevitable consequence of the present desperate situation. Wang Ching-wei and the other civil officials of the government and the Kuomintang party are naturally opposed, as the remarks in the *Tribune* indicated. Gen. Chiang also has been quoted as opposed to such a scheme, but his opposition probably could be overcome, especially since he, in all probability, is the only man in a position to assume the dominant role.

But it is a mistake to think that a dictatorship alone could save China. If the Chinese people could be united under a dictatorship, well and good, but it is unity rather than a dictatorship which is needed. After all the Koumintang Party is a dictatorship formed originally on the Russian one party model and when the leaders of that organization assumed control of the government eight years ago it was hoped that they would be able to achieve some measure of success in the reconstruction of China that the Russian Communist party had achieved in that country. But while there has been a tremendous amount of development in the consolidation and organization of the government at Nanking, and also industrially, genuine political unification has lagged. Foreign aggression has, of course, been chiefly responsible for this, but China's political leaders cannot escape their share of the responsibility because of their failure to compose their differences and unite in the face of the menace from the outside. Therefore it seems logical to believe that another type of personal dictatorship on the Mussolini or Hitler model would be equally unsuccessful unless it carried with it a determination on the part of all of the Chinese leaders, civilian and military to bring about the real unification of the country. The type of government is not so important. What China needs is a rebirth of patriotism that would carry with it a determination on the part of the nation's leaders to bury personal animosities and ambitions and unite on a platform to save the country. It is nonsensical to think, as many responsible Chinese apparently do think, that they are not able to accomplish what other peoples have done. The Chinese people, in the mass, are just as intelligent and in many respects more resourceful, than those in certain other countries where great things have been accomplished. Properly united and led China has the power to become a great nation that would win the respect of the world, but divided and misled they are likely to become a colonial appendage of Japan or an international doormat, or both. A united and politically revivified China would quickly win world support, but a drifting disunited China cannot be helped by anyone.

Wang Ching-wei, in the course of an address delivered in Nanking on Jan. 6 painted a gloomy picture of the international outlook from the standpoint of peace in the Far East. He said that while the various foreign powers are trying to preserve peace in their own countries, they are at the same time violating peace in the Orient. Referring to the naval crisis in the Pacific he said that while Britain and America are economically stronger than Japan and in the event of war would prevail over Japan, yet it must be realized that Japan's military strength is concentrated while that of Britain and America is scattered. Should hostilities break out Britain and America would require double the strength of Japan to achieve victory. Mr. Wang then described China's unprepardness and called upon the nation to improve its strength in the face of the pending international conflict. He expressed serious doubt whether China would have "another year's time after 1935" in which to make preparations against the impending world disaster. He declared, "Our one aim should be to save the nation with the utmost effort and perseverence."

Shanghai Exports to U.S. Increase

Shanghai's exports to the United States during 1934 were valued at U.S.$12,153,764, showing an increase of U.S.$2,809,963 over the value of shipments during the previous year, according to returns compiled and issued by the U.S. Consulate-General in Shanghai.

Exports from this city to the Philippine Islands also showed an upward tendency during 1934 when the shipments were valued at U.S.$1,350,228 as compared with U.S.$1,262,017 during 1933.

Shanghai's trade with Hawaii, however, registered a decline from the 1933 total of U.S.$62,315 to U.S.$62,315 to U.S.$60,-275.

Although the year just concluded recorded not a single consignment of gold from Shanghai to the United States as compared with 161,338,02 Troy ounces, valued at U. S. $5,339,-739, during 1933, silver exports from this city to that country increased remarkably. During the year, the returns revealed, 43,518,901 ounces of silver sycee, bars and dollars, valued at U. S. $19,657,378, were shipped. The value of the 1933 exports in the white metal was U. S. $15,526,460 although the quantity showed a slight margin over the 1934 amount. White metal exported during 1933 totalled 46,389,720 ounces. With a total value of U.S.$4,818,721, the exports in inedible animals and animal products lead among the other groups during 1934, the returns revealed. During 1933, value of the exports in that category was U. S. $3,221,827.

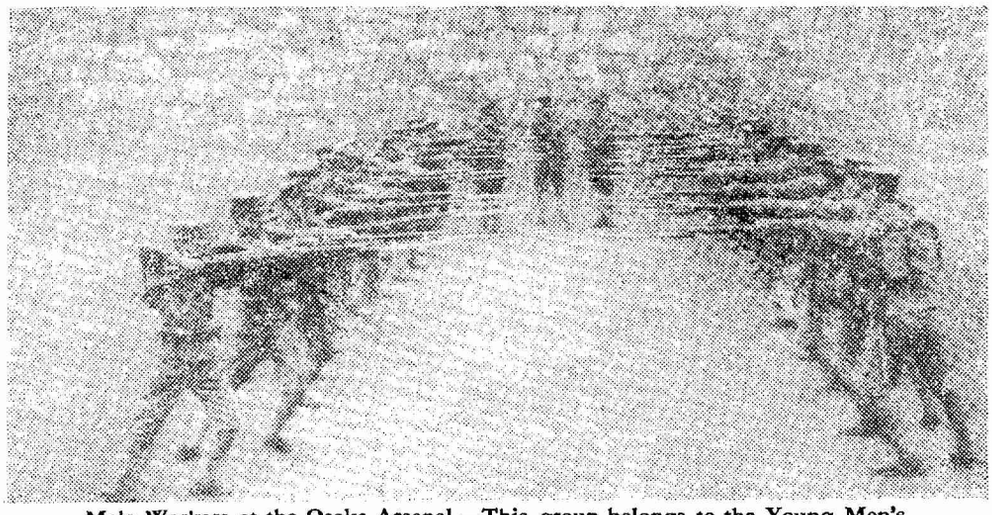
Rising from the 1933 total value of U.S.$4,142,306, exports in textiles occupied second place in the list with a total value of U.S.$4,640,771 during the year just concluded. Exports in inedible vegetable products, except timbers and wood, ranked third with a total value of U.S.$1,352,993, as compared with U.S.$535,679 during the preceding year.

The other major Shanghai exports to the United States with their respective values in 1934 and 1933 are:

Edible animals and animal products: U.S.$85,201 in 1934 and U.S.$79,545 in 1933; Vegetable food products and beverages, U.S.$851,379 in 1934 and U.S.$775,004 in 1933; Wood and paper, U.S.$$19,065 in 1934 and U.S.$19,544 in 1933; Nonmetallic minerals, U.S.$177,070 in 1934 and U.S.$367,248 in 1933; Metals and Manufactures, U.S.$115,261 in 1934 and U.S.$129,626 in 1933; Machinery and vehicles, U.S.$350 in 1934 and U.S.$2,453 in 1933; Chemicals and related products, U.S.$56,346 in 1934 and U.S.$7,219 in 1933; miscellaneous, U.S.$55,608 in 1934 and U.S.$33,350 in 1933.

Japanese Military Officers Hold Conference at Dairen to Discuss Border Problems

FOR the alleged reason that they were suspicions that China intended to disregard the provisions of the Tangku Truce signed in 1932, high officials of the Kwantung Army and military and naval attaches attached to the Peiping Legation assembled at Dairen Jan. 4 and 5 for the purpose of discussing the situation. The conference was summoned upon orders received from Gen. Minami, Commander-in-Chief of the Japanese forces in Manchuria. It was predicted that the conference would insist upon China's close adherence to the terms of the agreement made at the time the truce was signed. Meanwhile, as was natural, Chinese officials awaited the outcome of the conference with decided concern.



Male Workers at the Osaka Arsenal.—This group belongs to the Young Men's Training Association. They spend their recess in training.

Because the Kwantung Army is concerned with border areas adjoining north China rather than with other governmental departments it was the opinion of the *United Press* that Gen. Minami has been entrusted with the task of finding a solution to the problem presented.

Rengo, in its account of the Conference, said particular attention was being paid to the Nanking government's attitude towards Japan, which some army officers had characterized as "insincere." Faithful observance by China of her obligations under the Tangku Truce Agreement, allegedly violated on several occasions by the North China authorities, would be sought in the future according to a decision reportedly reached by the assembled officers. This, it was indicated, would include a recommendation to the Chinese authorities to restore to normalcy conditions in the demilitarized zone as provided for in the truce pact.

Attending the two-day conference were: Major-Gen. Kenji Dohihara, often referred to as the Japanese "Lawrence of Manchuria," who now heads the powerful special affairs section of the Kwantung Army; Major-Gen. Seishiro Itagaki, newly appointed assistant chief of staff of the Kwantung Army; Col. Torazo Ishimoto, director of the Second Section, and Col. Kumakichi Harada, director of the Third Section of the Kwantung Army; Col. Toichi Sasaki, advisor to the "Manchukuo" Ministry of War; Col. Seiya Giga, chief of the Japanese military mission at Shanhaikwan; Lieut. Col. Tadashi Hanaya, assistant military attache stationed in Tsinan and Lieut.-Col. Tessho Kagesa, assistant military attache stationed in Shanghai. No naval officers were present.

Following the meeting, Major-Gen. Itagaki departed for Hsinking, to report to General Jiro Minami, Japan's ambassador to Manchukuo, and commander-in-chief of the Kwantung Army. It is *Rengo's* understanding that General Minami

Japanese Women at Work in the Osaka Arsenal

intends to be guided by the policies adopted at the conference.

In an informal statement to the press, one of Ma'or-Gen. Itagaki's subordinates stated that the conference had among other things, taken up problems connected with through postal traffic between China and Manchukuo, the preservation of order in the demilitarized zone and the question of customs houses. The spokesman also unofficially revealed that the Nanking government would be approached some time next March with a view to the establishment of direct telephone and telegraph communication between China and Manchukuo.

Some Reflections on the Franco-Italian Agreement

BY GEO. W. MISSEMER

THE spirit of Metternich must be sorely troubled as a result of the recent agreement between Italy and France, one of the main objects of which is to prevent Germany and Austria from coming together. So long as Herr Hitler with his ruthless Swastikaism is in power in Germany, it is doubtless true that Austria has considerable to fear from the country that Hitler leads, despite the fact that he was born, not under the German flag, but under the Austrian. However, it is not "poor" Austria that the other powers of Europe have in mind in their anxiety to maintain Austria's integrity and independence, but their own selfish interests. It would be the natural and logical thing for Germany and Austria, two countries with the same language and similar culture, to unite under one administration, or at least to work together as they did during the World War, and, although agreements such as have just been entered into between Italy and France, may have the effect, for the time being, of maintaining a peaceful *status quo*, the eventual effect will probably be to produce an accentuated storm in the future. Both countries are seething with intrigue, a great deal of it fostered reciprocally within the two countries, but a very large part of it also by influences outside of both countries. If somehow or other the reign of the chauvinists in both countries could be brought to an end, and the plain common sense of the great mass of people in both of these Teutonic countries were allowed free scope it is more than probable that a union between the two countries would be effected in short order—which, as said above, is the practical and logical destiny for both countries.

This idea of world powers other than those immediately concerned uniting in order to prevent two other countries working together in harmony, or eventually uniting, presents some interesting points for speculation—using that word not in a monetary sense, but according to the following definition in *Webster's Dictionary:* "Reasoning taking the form of prolonged and systematic analysis." About a quarter of a century ago the United States and Canada were becoming so friendly that there was some talk of the two countries eventually joining each other politically. That cordial state of affairs has long since passed, mainly due to lines of action which the United States had in the meantime taken. The two things that brought the "entente cordiale" between Canada and the United States to an end, were America's disastrous Prohibition experiment and the imposition of excessively high duties. Both of these acts on America's part caused an amount of friction along the border of these two countries, which only those who have spent some time in a border city can appreciate. But twenty-five or so years ago the friendliness of the Canadians and Americans had reached a point where Englishmen were really "afraid". The feeling of the English generally of that period was exemplified by a speech made at an American Thanksgiving dinner given in one of the Shanghai hotels, when the then Judge of the British Supreme Court expressed satisfaction that then pending negotiations between Canada and the United States for still closer working together had fallen through. But let us suppose that at some future time the Canadians and Americans once more should become friendly to the point of fulfilling their natural destiny and decide to combine politically. The two countries are contiguous, their language, their money systems, and their rules of the road are the same. So are the styles of their newspapers, their outlook on life, and the general method of making their living. The British themselves at times probably fail to realize that not pounds, shillings and pence, but the American dollar standard are in use in Canada. The Canadians in their newspapers do not spell the words "honor" and "labor" with the arachaic "u". Nor do they follow the old-fashioned keep-to-the-left rule of the road which dates back to the period of the horse-drawn stage-coach, with the lead horse naturally on the left. Should a situation ever develop when Canadians and Americans should come to the point of joining eachother politically, there would naturally be raised a howl not only in the British Empire, but throughout the world in general that the defenseless Canadians were being swallowed up by the rapacious Yankees, and that something ought to be done about it. But the real motive would be the same as it is in the case of Germany and Austria—the fear that united they would become "too strong."

These speculations can also be turned in another direction, somewhat closer "home." One can easily foresee that in due course of time, when through some change in the world's balance of power, Japan's cockiness may not be quite so pronounced as it is at the present time, and when the population of Manchuria will be much greater than it is at present—and all authorities agree that despite Japan's efforts to "plant" Japanese and Koreans in the Three Eastern provinces, the inevitable result will be a huge and preponderant Chinese population—there will arise a pronounced movement to have "Manchukuo" and China join

together once more under one flag, as is the natural destiny of two peoples speaking the same language and with similar culture. Should that time come, as it probably will in due course, will the nations of the world also in that case get together and concoct schemes to prevent the coalescing, on the ground that their union would result in a country which would be "too strong?"

Decisive Fight With Reds Imminent in West China; Wang Ching-wei Foresees World War

High Light in the Events of the week:

1. **Fate of Reds Hinges on Coming struggle in Szechuan and Kweichow.**
2. **Nanking Officially Denies Independence Move in Szechuan.**
3. **More Red Cities in Szechuan and Kweichow Recovered.**
4. **Hupeh Progresses Despite Natural Calamities and Banditry.**
5. **Nanking-Canton Peace Negotiations Continued in Shanghai.**
6. **Negotiations for Malanyu Retrocession to be Resumed.**
7. **Gen. Han Fu-chu Offers $50,000 for Chang Murderers.**
8. **Wang Ching-wei Urges Preparedness in Facing Coming World War.**

The Central Authorities in Nanking are closely following the Communist situation in Kweichow and Szechuan, for it is generally believed that the success or collapse of the Red uprising will depend upon the outcome of the coming struggle in those two provinces. In order to be able to keep in closer touch with military affairs in Szechuan, it is reported in Nanking that General Chiang Kai-shek may move his Provisional Headquarters at Nanchang to Wuchan in Szechuan.

Following the collapse of Communists in Kiangsi, the main force of the Red Army, about 90,000 strong, left Kiangsi last November under the command of Chu Teh and Mao Tse-tung and moved westward into Kweichow via Hunan and Kwangsi. The first important center in Kweichow to fall into the hands of the Communists was Kinping, from which place they went on to Huangping and Shihping. According to the latest advices received at Nanking, the Communists, after being beaten back several times at Wu Kiang, finally succeeded in crossing the river. They are now advancing towards Tsunyi. Tsunyi is the gateway to the fertile plains of North Kweichow and, once there, the Reds will be able rebuild their army and prepare for operations in Szechuan.

There are now only a few thousand Kweichow troops under Hou Chih-tan defending Tsunyi. Two columns of Szechuan troops have been sent from southern Szechuan into Kweichow to check the advance of the Reds. Mu Ying-chow's troops from Kikiang are now at Sungkan, while Liao Hai-tao's men are at Hsinchow, but the combined total is little more than 10,000. Some self-defense corps from villages around Suyang, in south-western Szechuan, are now at Tucheng, in nortthwestern Kweichow, but their fighting strength is questionable.

With regard to the Communist situation in Szechuan, Red forces under Hsu Hsiang-chien are holding a line from Suanhan and Tahsien to Langchung. A part of his force is now moving northward toward Wanyuan to meet a band of Communists of about 10,000 men from Honan who are attempting to escape into Szechuan via the Shensi-Hupeh border.

Szechuan troops under Liu Hsiang are being massed along the Yangtsze river to protect Chungking and Wanhsien. Teng Hsi-hou's troops, formerly stationed at Kwangyuan and Chaohwa, are now moving southward to make place for the government troops under General Hu Tsung-nan. The First Army Corps, comprising about three divisions, under General Hu entered Szechuan via Shensi. They are known to be the finest fighting units in the Chinese army. Other Szechuan troops under Tien Tsung-yao, Yang Sen and Lo Tseh-chow are stattioned at Tzetung, Nanchung and Ying-shan respectively.

The government is determined that the Communists, shall not be allowed to obtain a foothold in Szechuan, for once they are established there, the situation will be even more serious than that which existed in the early days of their domination of Kiangsi.

NANKING DENIES INDEPENDENCE MOVE IN SZECHUAN

The Government Authorities in Nanking have issued a strong denial of the rumors regarding a new independence movement in Szechuan province which was alleged by a Japanese *Rengo* telegram from Tientsin on Jan. 4, saying that three Szechuan military leaders, Generals Liu Wen-hui, Tien Sung-yao and Teng Hsi-hou had issued a circular telegram announcing their independence of Nanking. Wang Ying-chun, representative of General Teng Hsi-hou, at Nanking declared on January 6: "I received a telegram this morning from General Teng denying any independence movement and expressing loyalty to the Government and co-operation with General Liu Hsiang." In order further to prove his loyalty, General Teng will arrive at Chungking on January 10 to confer with General Liu converning operations against Communists. General Liu's representative at Nanking also expressed complete surprise at the independence rumors, as he said that General Liu Hsiang and General Liu Wen-hui exchange telegrams and letters almost daily and were on the friendliest terms.

The Staff Corps under the leadership of General Ho Kuo-kuan, organised by the Provisional Headquarters of the President of the Military Affairs Commission at Nanchang to direct the campaign against the Communists in Szechuan, left Hankow Jan. 3 by two gunboats for Ichang and were expected to arrive at Chungking this week. General Ho prior to his departure received many messages of welcome from the various Szechuan military leaders, some of whom have already arrived at Chungking to meet him.

MORE REDS CITIES IN SZECHUAN RECOVERED

The units of tthe 3rd Route Army under General Li Chi-hsiang attached to the Szechuan Bandit-suppression Forces have recovered Maokuanssu and Ahtouchai, thus clearing the way for an attack on the "Reds" at Ilung, 120 miles north of Chungking. The 1st Government Division under General Hu Tsung-nan has taken over the garrison posts at Chaohua and Kwangyuan, northern Szechuan, from the units of the 1st Route Army under General Teng Hsi-hou. General Sun Wei-ju, Commander of the 38th Army, has reached Hanchung, southern Shensi, to supervise the drive southwards on the "Reds" in northern Szechuan. In view of the pressure of the Government troops from both Kansu and Shensi, a portion of the marauders has fled eastwards to the Shensi-Hupeh border.

DUTIES OF FINANCE COMMISSIONER IN SZECHUAN

The functions and powers of the Special Commissioner of Finance for Szechuan have been defined by the Ministry of Finance as follows:

1. To excute the orders of the Ministry of Finance and to direct and supervise the various Central Government revenue organs in Szechuan.
2. To take charge of national revenues collected in the province.
3. To allocate or remit the national revenues.
4. To devise measures for readjustment of the national revenue collection in the province.
5. To readjust the monetary and currency system.

Following the recovery of the city of Tseli, northern Hunan, the Hunan units have also recaptured Yunchaoshan, Chuanhsinyuen and Yumitu, near Tseli, and cleared the scattered outlaws there. Assigning the brigades under Major-Generals Chu Shu-hsun and Tao Liu for the defence of the 6th Route Army of the Government Pursuit Forces, has ordered his men to advance of the Huangchu-Chiuki-Chichiaho line. The various units attached to the 7th Route Army under General Kuo Ju-tung have left for the Yenshui-chi-Yangmaotan line; the 63rd and 16th Divisions under Lieut.-Generals Tao Kwang and Chang Liang-chi, which arrived at Yuanling (Chenchow) last week, are heading for Yungshun and Kuchang cities with a view to effecting a combined assault on the "Reds" under Hsiao Ko and Ho Lung in three districts of Tayung, Yungshun and Kuchang.

The remnant "Reds" under Chu Teh and Mao Tse-tung, after suffering several reverses from the combined Government Pursuit Forces and Kweichow Provincial units at Chenyuan and Huangping, have fled north-easwards toward Yukiang and Shihtsien, eastern Kweichow, in attempt to effect junction with those in north-eastern Hunan. In view of the shifting of the battle-ground, General Ho Chien, Commander-in-Chief of the Government Pursuit Forces, has decided to remove his headquarters from Paoking, south-western Hunan, northwards to Changteh, northern Hunan, in order to facilitate the supervision of the operations against the Reds."

KWEICHOW FORCES WIN FURTHER VICTORIES OVER REDS

The Kweichow provincial forces have recovered the important points along the Wu Kiang (River) at Yenmen, Sunchiatu and Kiangchiehssu. In view of the length of the River, the Kweichow units have found it very difficult to prevent the marauders from crossing. All traces of bandits at Huangping and Lushan have, however, been cleared.

Huangping, 116 miles north-east of Kweiyang, was recovered by the Kweichow brigade under Major-General Tu Chao-hua Jan. 1. Sustaining heavy casualties, the "Reds" fled northwards to Kiuchow (Lachuangping). Major-General Tu's men have since established contact with the Government Pursuit Forces.

General Wu Chi-wei, Commander of the 2nd Route Army of the Government Pursuit Forces, has arrived at Chungankiang, 12 miles south of Huangping. General Wang Chia-lieh, Chairman of Kweichow, and General Yu Kuo-tsai, Field-Commander of the Kweichow Bandit-suppression Forces, have both left Machangping to confer with General Wu regarding pursuit plans.

REORGANIZATION OF DISTRICT GOVERNMENTS IN WAR ZONE

In order to improve the efficiency of District administration, the Provisional Headquarters of General Chiang Kai-shek at Nanchang has drawn up a set of measures for the reorganization of the present system of the District Government (*Hsien Cheng Fu*), for enforcement in the various provinces in the bandit-suppression zone, including Honan, Hupeh, Anhwei, Kiangsi, and Fukien. According to these measures, the various Bureaux (*Chu*) should be abolished and reorganized into Sections (*Ko*) under the direct jurisdiction of the District Government. A circular order has been issued to the Provincial Governments concerned, requiring these measures to be carried out within three months.

FIRST ROUTE ARMY HEADQUARTERS ABOLISHED

General Chen Tiao-yuan having been appointed to the post as Chairman of the Military Advisory Council the Headquarters of the First Route Army in Kiangsi, of which he was Commander-Chief, has been abolished by an order of the Ministry of War in order to retrench expenditure.

General Hsiung Shih-hui, Chairman of Kiangsi, is planning to pay a visit to Nanking in the near future. The mission of his visit is said to be two-fold. First, he will call on the Government leaders and ask for instructions regarding administrative reforms in the province. Secondly, he will seek an interview with General Chiang Kai-shek, President of the Military Affairs Commission, regarding the liquidation of the affairs of the Nanchang Provisional Headquarters, which has been ordered to be abolished in view of the conclusion of the Communist suppression campaign in the province.

HUPEH PROGRESS DESPITE MANIFOLD CALAMITIES

Despite the fact that Hupeh was stricken by the combined scourges of drought, flood and banditry, considerable progress was made in the reconstruction of the province during the past year (1934), particularly in the fields of highway construction, telephone installation and shipping administration. Sponsored by the National Economic Council, the three national trunk highways—Kaifeng (Honan)—Canton (Kwangtung), Nanking-Szechuan and Loyang (Honan),—Shuichow (Kwangtung) which traverse Hupeh province, although not yet completed, are in an advanced stage. A total of 26 highways linking up the various important cities and towns has been constructed in the province under the direction of the Provincial Department of Reconstruction. The total mileage is 2,462 kilometers and daily omnibus service covers an average distance of 6,000 kilometers. With regard to telephone progress, altogether 51 cities and towns along the various highways in the eastern, western, central and northern parts of the province have been linked up by long-distance telephone. The total telephone network embraces 2,520 kilometers. Great improvement has also been made in shipping administration in the province since the Provincial Government took over supervision of the private owned steamers with a view to safeguarding shipping. In addition to the Wuchang-Hankow Ferry service, and five other shipping lines, and 12 wharves operated by the Provincial Government, a total of 90 private-owned motorboats, 57 steamers and 19 charcoal-burning boats are now under the direct control of the Provincial Department of Reconstruction. Besides the 12 wharves operated by the Provincial Government, over 100 wharves have been opened along the shipping routes. Over 5,600 passengers utilise the shipping services daily and the monthly revenue ranges from $70,000 to $100,000.

LEADER OF CHINESE NATIONAL-SOCIALIST PARTY JOINS NANKING

Under the persuasion of General Chang Hsueh-liang, Wang Cheh-hsia, leader of the Chinese National Socialist Party, has dissolved his secret organization. In a statement issued on New Year's Day announcing the dissolution of the National Socialist Party, he clarified his motive in his action and expressed his readiness to render service to the Kuomintang.

NAVY PATROLS YANGTSZE TO PREVENT REDS FROM CROSSING

On learning that small bands of remnant "Reds" under Fang Chih-min and Lo Ping-hui are attempting to secretly cross the Yangtsze River from southern Anhwei, the Ministry of the Navy has despatched the gunboats "Kiang Chen," "Fu Ning" and "I Sheng" to patrol the Angin-Pengtse section of the Yangtsze River. They have been ordered to fire on the outlaws at sight.

HO CHI-KUNG INSPECTS SOUTH CHINA ON BEHALF H. H. KUNG

Owing to pressure of duties necessitating his presence in Nanking and Shanghai, Dr. H. H. Kung, Minister of Finance, has postponed his inspection trip to the South. Taking advantage of the presence at Shanghai of Ho Chi-kung, Chief Secretary of the Peiping Political Council, Dr. Kung has delegated him to undertake the trip and exchange views with Hu Han-min at Hongkong on the political situation. Mr. Ho left Shanghai for Hongkong by the s.s. *Empress of Japan* on the 2nd inst. and arrived there on the 4th. It is understood that Mr. Ho, besides visiting the various Southern leaders, will inspect the reconstruction work in Kwangtung and Kwangsi. He expects to complete the trip in the two weeks.

CONFLICTING REPORTS ON DR. WANG CHUNG-HUI'S PLANS

Interviewed by *Reuter* Jan. 4 a high official of the South-West Political Council indicated that peace negotiations would probably be resumed shortly between Canton and Nanking. He said that Dr. Wang Chung-hui would remain in China for another month to continue his mediation efforts. Dr. Wang is reported to have already telegraphed to The Hague concerning his extended stay in China.

In view of the expiration of his leave of absence, Dr. Wang Chung-hui, Judge at The Hague Court of International Justice, is reported to have decided to leave for Europe on the 15th inst. by the Italian mail liner "Conte

Roso" to resume his duties at The Hague. Dr. Wang is waiting for the return here of Sun Sun Fo, President of the Legislative Yuan, from Peiping, and after another meeting with Mr. Sun he will definitely decide upon his future plans. It is understood that Dr. Wang, when passing Hongkong en route to Europe, will again call on Hu Han-min and make another effort to urge him to proceed to Nanking.

CANTON-HANKOW RAILWAY MAPS PLANS FOR 1935

Plans for improvement of the railway service on the southern section of the Canton-Hankow Railway during the 24th year (1935) has been mapped out by the Railway Administration. These include the construction of a railway workshop at Hsichun, northern Kwangtung, laying of double tracks on the Hsichun-Wongsha section, renovation of Shiuchow Station, completion of the telephone system along the line, and inauguration of the Shiuchow-Chuchow (Honan) Section during the year.

Omnibus service on the Yunnanfu-Kutsin-Paishui Highway, in eastern Yunnan, has begun operation under the dircetion of the Provincial Department of Reconstruction. It now takes only five hours to complete the entire distance which formerly required six days.

Dr. Hu Shih, well-known philosopher and Dean of the College of Literature of the National Peking University, arrived at Hongkong Jan. 4 from Peiping via Shanghai by the s.s. *Empress of Japan*." The honorary degree of Doctor of Literature will be conferred on him by the Hongkong University. Subsequently, Dr. Hu Shih will proceed to Canton and Nanning (Kwangsi) for a visit. Dr. Chiang Mon-lin, Chancellor of the National Peking University, and Dr. Herman C. E. Liu, President of the Shanghai University, the two Chinese official delegates to the Far Eastern Educational Conference in Manila, also arrived there by the s.s. *President Jackson* from Manila en route for Shanghai.

NEGOTIATIONS OF MALANYU RETROCESSION TO BE RESUMED

Negotiations for the retrocession of Malanyu, the last Great Wall pass still in the hands of the Japaneese, which were deadlooked owing to difference of opinion regarding detailed procedures for the retrocession, will be resumed after the assumption of office of Major Takahashi as military attache to the Japanese Legation in succession to Col. Shibayama.

CHINGWANTAO SHOOTING CASE TO BE SETTLED BY DIPLOMATIC NEGOTIATIONS

Despite the repeated protests of the Commissioner of the Customs at Chingwangtao, the case in which a Chineese Customs official was shot and killed by a Japanese while carrying on a search for smuggled goods at a Japanese steamer in December last is still pending. The head of the Japanese Special Service at Shanhaikwan has declined to discuss the matter with the Customs Commissioner on the ground that the case does not come under his jurisdiction as it did not happen in the Demilitarized Zone and hence that the Kuantung Army Headquarters can not be held responsible for its settlement. In view of this attitude of the Japanese official, the Customs Commissioner has decided not to make further representations to him but submit the case to the Chinese superintendent to be taken up diplomatically with the Japanese Government.

500 MOUNTED BANDITS RAIDING IN LUANTUNG

A body of about 500 mounted bandits penetrated into Hwaiju, a district in the demilitarized zone north of Peiping, on New Year's Eve and is now closing in on the city, according to a *Reuter* report.

Yin Ju-keng, Administrative Inspector for the Miyun-Chihsien area, is quoted as saying that the bandits have been surrounded by local militia and special police, and that fighting is proceeding between the two sides.

The bandits, who came apparently from outside the Great Wall, penetrated into Shayutun, about three miles north of the city of Hwaiju, on New Year's Eve, where they committed looting and pillage.

The outlaws include several women and are described as being well equipped with arms and munitions. The city gates of Hwaiju have been closed. The merchants have appealed to the Hopei Provincial Administration for reinforcements.

GENERAL HUANG FU TO ASSUME NANKING POST SOON

In deference to the wishes of the Central authorities, General Huang Fu, Chairman of the Peiping Political Council, has decided to proceed to the Capital on the 15th inst. to assume his concurrent duties as Minister of Interior.

General business conditions in Peiping Municipality during the past year are reviewed in a report just issued by the Peiping City Chamber of Commerce. According to the report, the monetary market has been stagnant, and business generally has been dull. The depression particularly affected the fur and silk stores and the banks, although the native drug stores and rice and wheat merchantts were comparatively better off. Restaurants, cinemas and other amusement houses however did a thriving business.

General Wu Pei-fu was the host at a luncheon party Jan. 4 in honor of Sun Fo, President of the Legislative Yuan. Besides Mr. Sun, the party was also attended by Generals Chang Chen, Wang Fu-lin, Wang Shu-chang, and Hwang Wen-yueh and Dr. Tang Er-ho. General Wu was very much interested in the reconstruction progress in the south and told Mr. Sun that he will pay a visit to Nanking this Spring to see the new Capital.

Chu Chi-ching, reserve member of the Central Executive Committee and Director in charge of the reclamation work for the North-eastern refugees in the North-west, has been appointed Managing-Director of the Chengtting-Taiyuan Railway Administration by the Ministry of Railways. He succeeds Wang Mou-kung, resigned.

The funeral services of the late father of General Yen Hsi-shan, Pacification Commissioner of Shansi, will take place on the 14 inst.

The Suiyuan Provincial Government, in a circular order, announces the cancellation of the arrears in taxes for the 17th and 18th years (that is, 1928 and 1929). The arrears for the 19th and 20th years (1930 and 1931) are to be collected in the 23rd fiscal year (July 1, 1934-June 30, 1935) and those for the 21st year (1932) are to be collected in the 24th fiscal year (July 1, 1935-June 30, 1936).

The order states that, in the interests of the people, the Provincial Government has decided upon this measure despite the impoverished state of the Provincial treasury; the salaries for the provincial staff are half a year in arrears. In future, however, taxes must be paid punctually and no delays will be tolerated.

HAN OFFERS $50,000 FOR ARREST OF CHANG MURDERERS

A cash reward of $50,000 has been offered by General Han Fu-chu, Chairman of the Shantung Provincial Government, for the apprehension of the assassins of the late Chang Wei-tsun, reserve member of the Central Executive Committee, who was concurrently a member of the Standing Committee of the Executive Committee of the Shanttung Provincial Party Headquarters and a member of the Shantung Provincial Government Committee. The late Mr. Chang was shot by three gunmen on Jan. 1 while walking in the grounds of the Chin Te Hui (Society) in the Commercial Area outside the city. He was participating in the New Year celebrations after attending a lantern parade at the Public Recreation Ground in the city. His bodyguard, Yang Chin-chien, was first wounded while he himself fell after three fatal shots struck him. Taking advantage of the great confusion, the murderers made good their escape before the arrival of police. The grounds and the neighborhood were combed and 100 suspects detained. The late Mr. Chang was 37 years of age and is survived by a wife and son. His grandfather and parents are still living.

The revenue of the Kiaochow-Tsinan Railway during the past year is most encouraging, according to Ko Kwang-ting, Chairman of the Railway Administrative Committee. Mr. Ko said that the receipts of the railway for the past year (1934) totalled $16 millions, with a surplus of over $4 millions,—which marks a great improvement as compared with previous years. In order to utilise surplus stocks, the Railway Administration is arranging to sell all old materials to the Lung-Hai Railway Administration. Mr. Ko further stated that the period for the redemption of the railway from the Japanese creditors will expire in three years; the loan obligations total over $30 millions. A sum of over $5 mil-

lions has already been reserved for the amortization of the loan and another sum of 6 or 7 million dollars is expected to be available in the next three years. If the Ministry of Railways arranges to raise $20 millions, the railway will be freed of all obligations.

ANOTER DELEGATION FROM LHASSA TO NANKING ARRIVES SOON

The Tibetan authorities have despatched another delegation of ten persons, headed by Chuan-Tse-Cha-Lin Hutuketu, to the Capital, according to a telegram received by the Mongolian and Tibetan Affairs Committee from Anchin Hutuketu, personal representative of the Panchen Lama, "Living Buddha" of Tibet. The Tibetan delegation reached Calcutta last December and is expected to arrive in China shortly.

Shensi enjoyed a bumper cotton harvest last year. According to latest statistics compiled by the Provincial Department of Reconstruction, the total output for the past (1934) totalled 10 millions piculs, which is double the amount produced in the previous year. The total crop is valued at $40 millions.

As train service on the western extension of the Lung-Hai Railway between Tungkwan and Sian, in eastern Shensi is now in operation, the Ministry of Railways has decided to extend the line from Sian to Sienyang, western Shensi, it is expected that the work of construction will be completed during this year.

The North-western Communications Administrative Bureau was formally inaugurated at Sian on New Year's Day, with Cheng Chih-hsiang as Director. Construction work on the projected highway linking up Sian and Lanchow, respectively provincial capitals of Shensi and Kansu, has been partially completed. A trial motor run was made on New Year's Day.

WANG CHING-WEI URGES PREPAREDNESS IN FACE OF THREATENING WORLD CRISIS

Speaking at the weekly memorial service Jan. 6, Wang Ching-wei, president of the Executive Yuan, declared that with the next great war looming on the international horizon the various foreign powers are endeavoring to preserve peace in their own countries on the one hand and to violate peace in the Far East on the other. Mr. Wang stated that economically the combined forces of Britain and America, in the event of war would certainly prove too strong for Japan, yet the military strength of Japan is more concentrated while that of Britain and America is scattered far and wide.

According to the executive yuan chief, it is difficult to gauge the advantages and disadvantages of these three powers, because should hostilities break out the allied forces of Britain and America in all probability would take the offensive, while Japan would be on the defensive. Mr. Wang explained that the offensive side needed more than double the strength of the defending nation in order to have a chance of victory.

After describing the deplorable unpreparedness of China, Mr. Wang urged the nation to endeavor to improve her position with a view to the new international conflict. He added that reconstruction and military defense were the imperative needs of the moment.

GENERAL CHIANG ISSUES STERN ORDER ON OPIUM SUPPRESSION

General Chiang Kai-shek, President of the Military Affairs Commission, has issued a circular order to the Provincial Governments of Kiangsu, Chekiang, Kiangsi, Fukien, Anhwei, Hupeh, Hunan, Honan, Shensi and Kansu, instructing that rigid measures shall be enforced for the suppression of the opium evil in the provinces concerned. The order enjoins that the several Provincial Government shall undertake a thorough investigation of the opium situation in their respective provinces and submit an official report to the Nanchang Provisional Military Headquarters. After receipt of such reports the Provisional Headquarters may also dispatch inspectors to inspect the various provinces. If poppy cultivation should be then discovered in any district, the magistrate of that district shall be held responsible for negligence of duty and shall be severely dealt with according to military law.

General Chiang Kai-shek has returned to Fenghua after attending the oath-taking ceremony for General Huang Shao-hsiung as chairman of Chekiang in Hangchow, according to Yang Yung-tai, Chief secretary to the Communist-suppression Headquarters. It is understood that the Generalissimo will stay in his native home for several more days. During the short rest so far in his native home at Fenghua, according to General Yang, General Chiang has been able to improve rapidly in his health and has completely regained his strength.

General Ho Ying-chin, Minister of War and concurrently Chairman of the Peiping Branch of the Military Affairs Commission, returned to Shanghai Jan. 5 from a trip to Fenghua, where he interviewed General Chiang Kai-shek. It is understood that the mission of General Ho's trip was to report to General Chiang on the affairs of the Ministry of War and to ask for instructions regarding the military administration in the North in view of his impending return to Peiping. General Ho is expected to proceed to Peiping in the middle of the month.

LEGISLATIVE YUAN TO RE-OPEN SESSION ON JAN. 18

The first meeting of the Legislative Yuan for the new (4th) term will be held on the morning of the 18th inst. It is understood that there will be little change in the membership of the Yuan's Legislation, Foreign Relations, Finance, Economics, Military Affairs, Civil Law, Criminal Law, Commercial Law, Labour, Local Autonomy and Land Committees. The sixty-seven members who were re-appointed, will most likely retain their original posts in the committees; while the nineteen new members will be allotted to various committees.

In view of his heavy duties as Vice-Minister of Foreign Affairs, Tang Yu-jen is reported to be considering to resign from his concurrent post as Director of the Department of Asiatic Affairs of the Ministry and to have recommended Kao Tsung-wu as his successor.

Lu Pi-chou, the new Administrative Vice-Minister of Railways, officially assumed his duties on Jan. 4. Mr. Lu was formerly a member of the Chekiang Provincial Government and concurrently Commissioner of Civil Affairs. He was transfereed to his present post following the recent reorganization of the Chekiang Provincial Government.

Shih Ying, Mayor of Nanking, has tendered his resignation from the mayorship on account of the death of his father which occurred Jan. 4.

On account of urgent business, Shen Chin-ting, newly appointed Minister to Panama, who planned to leave his new port Jan. 5 has postponed his departure to a later date.

NANKING TO RAISE $2,800,000 FOR HOUSING PROGRAM

The Nanking Municipality has decided on an extensive housing scheme to provide dwellings for the workers. It is estimated that the sum of $2,00,000 will be required.

The Municipal Government will be responsible for an annual sum of $250,000 while the National Treasury will contribute a sum of $100,000 for the first year. President and Madame Wang Ching-wei, who sponsor the project, will undertake to solicit donations to the amount of $50,000.

A total of 18,210 girl has been students in Nanking schools during the past eight years, according to the results of a survey just conducted. There are at present fiftteen girls' schools in the Capital.

The Revised Criminal Code and the Revised Code of Criminal Procedure of the Republic of China, which were enacted last month by the Legislative yuan, were formally promulgated by Mandate of the National Government on New Year's Day.

17 PROVINCES AFFECTED BY CALAMITIES

Seventeen provinces in China were affected last year by different kinds of calamities including drought, flood, bandit disturtance, locust plague, hail storm, epidemics and others, according to investigations made by the National Famine Relief Commission during the period from September to November of 1934, current year.

A total of more than four million piculs of cereals are now stored in various granaries in the country, according to an investigation conducted by the Ministry of Interior.

In accordance with the decision of the Chekiang Provincial Government to enforce a retrenchment policy, the Chekiang Provincial Department of Civil Affairs has announced the dismssal of 30 staff members. The Secretariat of the Chekiang Provincial Government has also discharged 16 workers. Further dismissal of surplus staff members and abolition of superfluous organs will be effected by other provincial departments shortly.

"Big Bad Wolf"

(*Chicago Daily News*)

Japan, it seems, is displeased. Japan is dissatisfied. Japan is reaching the limit of its patience. Hold me," as the French say; Hold me, or I may hurt somebody."

Japan, according to dispatches from China, is now thinking of annexing Manchuria outright. It is intriguing in Mongolia and at Peking. Japan, according to Moscow dispatches, still has its military eye upon Vladivostok and eastern Siberia, despite the recent relaxation of diplomatic tension. Japan, according to Geneva dispatches, is believed to be secretly fortifying the Bonin islands, in the north Pacific, with submarine and airplane bases. Japan, according to London dispatches, will refuse to discuss far eastern political questions in a general conference. It is trying to drive a diplomatic wedge between Britain and the United States. It is willing to concede naval superiority to Britain, but demands strict equality with the United States. Unless it has its way it is going to denounce the Washington arms-limitation treaty. It does not fear a naval race with the United States.

No doubt this should all be very frightening. It is probably meant to be frightening. Theoretically, the state of the state department should be one of jitters. Mr. Roosevelt should be biting his fingernails. Mr. Hull should be tearing his hair. The people should be pale with dismay. But Americans are a queer outfit. They do not seem to know when to be properly alarmed. Perhaps it is because they remember Emerson, who on emerging one evening from a debate in the town hall thought he heard the stars saying to him: "Why so hot, my little man?"

Moreover, what should we worry about? Our navy consists at present, in under-age ships, of 1,000,000 tons, built, building or appropriated, for Japan's of 779,000 tons. What is alarming in that? Our defensive position in the Pacific is far from negligible. We have a long continental coastline. The Panama canal is well fortified. We have Alaska and the Aleutian islands, whose misty chain stretches over almost to Asia. We are firmly established in Hawaii. We hold Samoa. We have a partly developed base at Guam. We shall be fully responsible for the Philippines for another ten or twelve years, and even thereafter we may keep at least one permanent ship base and refueling station in the islands. Our prestige in China is great. We have recognized Russia. Our relations with Britain are excellent. We are on friendly terms with France and the Netherlands. And we are ready at all times to confer with those powers, as well as with Japan, on all far eastern questions of commom interest.

So if Japan does not wish to prolong existing naval arrangements, that is Japan's business. We are well able to look after ourselves. And the truth is, of course, that nothing is farther from our minds than war. We know that we have not the slightest intention of attacking Japan. And we find it extremely difficult to believe that Japan is premeditating an attack upon us. We may not know much about diplomacy, but we have played a lot of poker.

U.S. Senator Asks Inquiry on Manchukuo

A bombshell was tossed into the United States Senate, Jan. 8 when a senatorial investigation of Japan's Manchurian policies was demanded by Senator William H. King, from Utah. Three bills were sprung on the astonished Senators by their colleague from Utah. The first measure asked the Senate to authorize an inquiry to determine whether Japan's policies in Manchuria constituted a violation of either the Kellogg Pact or the Nine-Power Pact. In his second bill, Senator King urged the Senate to request the Foreign Relations Committee to investigate the establishment of the Manchukuo Government and the alleged creation of an oil monopoly in the new Manchurian empire, allegedly in defiance of the "open door" policy. Senator King's final explosion took the form of a bill to instruct the Foreign Relations Committee to inquire into charges that Japan has fortified, or is fortifying, the former German colonies in the South Seas now administered by Japan under mandate from the League of Nations. So far as the *United Press* was able to determine, all three of these measures apparently were introduced without either the support or the cognizance of the Administration or even of leaders of the Senate. Inquiries at the Department of State indicated that officials probably would object to any action on the resolutions.

Nanking & Hangchow Railways Make Net Profit of $3,000,000 in 1934

The receipts of the Shanghai- Nanking and the Shanghai-Hangchow-Ninpo railway lines for the year 1934 totalled about $20,000,000, representing a net profit of over $3,000,000.

The increased passenger and freight traffic, together with the tours sponsored this year, are responsible for the progress made last year. The largest receipts of over $22,000,000 were earned in 1932.

CHINESE PRESS OPINION

AFTER THE WASHINGTON TREATY WHAT?

The *Shun Pao* deplores the denunciation of the Washington Naval Treaty by Japan and the failure at London to check the dangers of an armament race. It fears that peace in the Pacific will be more difficult to maintain after the treaty has been denounced and wonders how China will be able to face future developments.

The editorial continues:

"Everyone in the world knows the importance of peace. But the present position is contrary to all hopes for peace. While the Powers are increasing their budgets for military expenses, expanding their air forces, building more battleships, steps are being taken secretly to fortify and strengthen their mandated islands and concessions. Their whole aim is to be prepared for an emergency in the Pacific. In such circumstances, how can we hope for good results from the Naval Disarmament Conference? How can we hope for world peace? An armament race would affect the very foundation of peace in the Far East, as the underlying principle would be to compete for foreign markets. Japan has made preparations to compete with England in the Indian market, while the United States has taken steps in the Philippine Islands to compete with Holland in the Netherlands East Indies. These are factors that tend to disturb peace in the Pacific. China is one of the most important countries in the Pacific. If peace should be broken, how is she to face the situation?"

THE FUTURE OF SIKONG

Commenting under the above heading, the Peiping *World Daily News* writes:

"The idea of raising the status of Sikong to a province originated with Fu Sung, Commissioner of Frontier Affairs during the closing years of the Ching Dynasty. In the first year of the Republic Sikong was known as a special area on the Szechuen border. Various district administrations began to be established. In 1929 when Hsueh Tu-pi, an adherent of Marshal Feng Yu-hsiang, was Minister of the Interior in the National Government, he recommended to the Executive Yuan that Sikong, Ninghsia, Chinghai, Suiyuan, Chahar and Jehol be converted into provinces. This recommendation has been carried out except in the case of Sikong.

"Sikong holds an important position on the south-western frontier and has a vital bearing on the future of China. Situated in the center of the south-western plain, it not only forms a natural link between China Proper and Tibet, but also plays an important role in the diffusion of culture between these two races. For twenty years the political relations between China and Tibet have been in a state of animated suspense, but the fact that these relations graphical position of Sikong.

"Everything is in a mess in Sikong to-day. The territory is dominated by rival military leaders. Education, communications and finance are all in a backward stae. During the last few years there has been constant friction between Sikong and Tibet, frequently resulting in armed clashes between the two sides. The first question to be taken up after the organization of a provincial government in Sikong should be the demarcation of the boundary line between Tibet and Sikong. If this question can be amicably settled, all other difficulties existing between the two sides will be easily solved.

MILITARY LABOUR POLICY

The *China Times* lauds the plan of General Yu Hsueh-chung, Chairman of the Hopei Provincial Government, who has decided to use troops to construct a public motor highway between Tientsin and Paotingfu. This paper urges other armies to follow suit, not merely in building highways but in river conservancy work as well as other constructive projects.

The paper further says: "Using soldiers in constructive projects is an excellent plan because in the army there is discipline, standardization and training that cannot be witnessed in other organizations. We hope that the government authorities in their plans for the armies also make an effort to use the soldiers of various units to build roads, and river conservancy work. By doing this, the policy of substituting soldiers for labourers will be accomplished and it will accelerate the progress of the nation."

Japan's New China Policy in the Making

BY C. K.

A NEW Japanese policy towards China is in the making. Its outline is still nebulous; its purpose unclear. But the recent movements of high Japanese military officers and diplomats unequivocally indicate that the stage is being laid for another act in the drama of Sino-Japanese relations.

The protagonists are being assigned their roles, as with cold, methodical care the directors of Japan's military and foreign policy place their human pawns on the strategic squares of the immense board that is China. Unlike during the 1931 events when the military and the diplomats composed two different camps lacking co-ordination, the 1935 brand of Japanese strategy shows marked mutual understanding, albeit the civilians are showing far less independence than they did three and a half years ago.

Heading the cast are:

Gen. Jiro Minami, new Japanese ambassador to Manchukuo and at the same time commander in chief of the much-augmented Japanese Kwantung garrison. Gen. Minami, who was minister of war at the time of the outbreak of the hostilities in 1931, arrived in Changchun on Christmas Day succeeding Gen. Taka Hishikari, who was retired assertedly because of age. The day following Gen. Minami's arrival, the Japanese government promulgated a series of imperial ordinances, which gave the commander-ambassador vast authority over Japanese administrative offices in Manchuria and turned over the police powers in the Kwantung Leased Territory and the South Manchuria Railway Zone to the commandant of the gendarmerie. Simultaneously, a civilian attached to the Kwantung garrison was given authority to supervise the operation of the South Manchuria Railway Company, the Manchuria Telephone and Telegraph Company, the Eastern Development Company and a few other semi-governmental concerns. In effect these measures definitely placed Japanese civilians under the authority of the military throughout Manchuria.

Maj-Gen. Seishiro Itagaki, new chief of staff of the Kwantung garrison, who also has a long record of activities in the Manchurian "campaign".

Maj-Gen. Kenji Dohihara, once dubbed the "Lawrence of Manchuria" by a passing British newspaper correspondent because of his activities in Mukden and elsewhere before and after the outbreak of the hostilities. Until lately he headed the powerful Special Service Section of the Kwantung garrison which has been abolished.

The supporting players are:

Col. Toichi Sasaki, now supreme advisor to the Manchukuo war department, who played a major part in the Tsinan (Shantung) Incident of May 1928 when Japanese troops sent into the inland city "to protect Japanese lives and property" came into conflict with the victorious Nationalist Army under Gen. Chiang Kai-shek;

Col. Seiya Giga, chief of the Japanese military mission at Shanhaikwan and rebuffed author of the "Stay-Outside-the-Wall" note to the commanders of the British, American, French and Italian forces in North China;

Lieut.-Col. Tadashi Hanaya, assistant military attache stationed in Tsinan;

Lieut.-Col. Sadaaki Kagesa, another veteran of the Manchurian "campaign" who assists Lieut. Gen. Yoshiyuki Suzuki, military attache, stationed in Shanghai;

Col. Uichiro Harada, director of the Third Section of the Kwantung Garrison into which the defunct Special Service Section has been incorporated and renamed, according to *Reuter*, "Economic General Staff";

And an outsider, whose words nevertheless carry vast weight in the councils of those wearing olive-drab,—Yakichiro Suma, Nanking Consul-General of the dubious Kuramoto Affair fame, who is now visiting Changchun.

With the exception of Gen. Minami and Consul-General Suma, all these officers gathered in the Hoshinoya Inn on the beautiful Hoshigaura Beach outside Dairen for a two-day conference Jan. 3 and 4.

In this same Hoshinova Inn last spring, Lieut.-Col. Kaneshiro Shibayama, assistant military attache stationed in Peiping, discussed with Yin Tung, managing director of the Peiping-Mukden Railway, the ways to operate through railway traffic from Mukden to Peiping.

But at this year's meeting Lieut.-Col. Shibayama was not present. Neither had he been invited to a conference of all Japanese officers stationed in China called on Nov. 19 after the return of Military Attache Suzuki from an extended trip to Canton and the Southwest. The absence of such a high and obviously able officer stationed in the important Peiping region was hard to understand.

The mystery was soon to be solved. Lieut.-Col. Shibayama, his "die-hard" colleagues have decided, has "turned soft". He is no longer needed in their councils. As a result Lieut. Col. Shibayama who has been replaced by Lieut.-Col. Tan Takahashi, formerly in Nanking, will leave Peiping Jan. 10 for Tokyo, whence he will sail ten days later on a six-month tour of the world!

Press dispatches as to the purpose of the 1935 Dairen meeting varied. Some stated it was just a simple get-together called to "start the year right"; others said it was summoned to take up problems connected with through postal traffic between China and Manchukuo scheduled to go into effect Jan. 10 or that it was convened to discuss the preservation of order in the demilitarized zone. Another report said that the conferees had paid special attention to the Nanking government's attitude towards Japan which was regarded by those present as being "insincere".

There appeared however to be an agreement in press reports that the policies adopted at the meeting would guide Ambassador Commander Minami in the future.

Two days after the conference adjourned Consul-General Suma arrived in Dairen from Tokyo where he had gone for a two-weeks visit from his post in Nanking.

Mr. Suma has since been followed to Tokyo by Mr. Hitoshi Acino, chief of the intelligence section of the legation in Shanghai, who will in turn soon be followed by Minister Akira Ariyoshi, creator of "duck" diplomacy in his dealings with the Nanking government. The failure of his recent efforts in seeking to make progress in the negotiations with Wang Ching-wei on various Sino-Japanese issues by employing his old method of "paddling furiously underwater so as to proceed without ruffling the surface" may, or again may not, have something to do with his forthcoming visit.

So much for the actors; now the plot.

As stated before, the outlines of the new policy are still hard to define.

But inasmuch as Japanese internal and external policies today are being virtually dictated by the military, the public utterances of this group in China will provide a criterion of what to expect.

In a statement made public Nov. 21, a spokesman for the Japanese military attache's office in Shanghai declared that so long as the Chinese government adhered to its so-called "revolutionary diplomacy" the Japanese army's attitude towards this country would remain unchanged.

"It was the 'revolutionary diplomacy' advocated by the Central Kuomintang and enforced by the Nanking Government," the statement read according to a translation distributed in Shanghai by the Japanese *Rengo* Agency, "that led to the Manchurian and Shanghai Incidents. There have been attempts to whitewash the situation after these incidents, but unless there is a radical change in the Chinese government's attitude, there can be little hope that the army will change theirs."

This manifesto was amplified in what amounted to a New Year's message to the Japanese residents of China published by the Shanghai *Mainichi*, a Japanese newspaper, under the signature of Lieut.-Col. Kagesa.

In two articles published by the *Mainichi* on Jan. 1 and 4, Lieut.-Col. Kagesa gave what he called "A Review of China's Attitude towards Japan."

Admitting that outwardly anti-Japanese agitation had subsided, he declared that large scale preparations for activities against Japan were being carefully laid out in the inner councils of the Nanking government and the Central Kuomintang.

This he stated was "against the wishes of the Chinese masses who are eager to obtain the security of their lives and property as well as economic profit by co-operation with Japan."

The appointment of men who had close relations with Japanese to important government posts, Lieut.-Col. Kagesa declared, was a mere subterfuge "to dodge the Japanese spearhead."

Among these Chinese leaders he cited Wang Ching-wei, president of the Executive Yuan, who concurrently took over the post of Minister of Foreign Affairs; Huang Fu, chairman of the Peiping Political Readjustment Commission and Chen I, chairman of the Fukien provincial government. That these men have "no sincerity towards Japan and that they lack the courage to present their views and opinions before the central government, was established when they made evasive answers and procrastinated in carrying out the provisions of the Tangku Truce agreement," he wrote.

"Judged calmly these men are nothing but puppets providing a suitable 'front' to hide the anti-Japanese machinations of the Central Kuomintang . . . . Their masquerading as pro-Japanese is the opium that is being fed the Japanese people by the Chinese government to dull their perception," he charged.

"In China today, the people are desiring better relations with Japan, but being kept away from achieving their objective by a few of the ruling class who, abusing their power, threaten and mislead the innocent people into following a policy of resistance on the one hand and diplomatic negotiation on the other," he added.

Thus, according to the picture drawn by Lieut. Col. Kagesa the Chinese people, at heart, are anxious to be included in the Japanese hegemony of the Far East so fondly dreamed of by the militarists who now direct Japan's destinies.

What the fate of any new Japanese policy based on such a premise will be is painfully obvious to any student of modern China and requires no explanation.

How "Iron Bloodhood" Plotted Death of Japanese Leaders

The constant threat to which important Japanese officials are subjected through conspiracies of reactionaries was illustrated Dec. 29 when the authorities lifted a press ban and disclosed that seven persons, including three unemployed men, two coal miners, a casual laborer and the daughter of a colliery employe had been arrested and subjected to preliminary examination in a plot to kill at least five leading statesmen and business officials. The group styled itself the "Love-Country-Iron-and-Blood-Hand." Another name was the "Patriotic Iron Bloodhood." According to the Police, it sought to promote political reform through the assassination of Japan's outstanding political and economic leaders. Those definitely marked for death, according to *Rengo*, were Prince Saionji, the Genro; Viscount Makino, Lord Keeper of the Privy Seal; Mr. Takahashi, Finance Minister, and Mr. Mitsui and Baron Iwasaki, representatives of the two wealthiest families in Japan.

The conspirators, the account said, planned first to kill their intended victims as they returned from the Imperial chrysanthemum party in November of 1933. The party was cancelled, and the plotters then planned to commit the murders at the homes of the victims. Disputes arose among the plotters, however, and the scheme was abandoned. However, it is said that the leader, Toshinori Wakisaka, 27, listed by police as lacking a regular occupation, persisted in his aim and was attempting to arrange a new assassination attempt when the arrests were made. According to the Police, Wakisaki planned his deed in the autumn of 1933, when he was editing a super-patriotic little magazine, *The Great Sacred War*, in Fukuoka province. In October, 1933, he closed the doors of his office, retrieved his Yen 250 publishers' deposit, and left for Tokyo. His sudden departure aroused the suspicions of Police, and he and his two companions were placed under surveillance. In June, 1934, the Police learned that Wakisaka had obtained a revolver. This led to his and one of his colleague's arrest. The rest of the group were arrested when the Police found they were accumulating a large store of dynamite. Under examination Wakisaka declared that his determination to "save Japan" by killing off her leaders was the result of his conversatons with reactionary leaders in Tokyo during one of his visits there.

Japanese Oil Companies Intend to Form Oil Cartel Once More

Coincident with the recent slight rise in the price of gasolene it was indicated that the three Japanese companies, Japan Oil, Mitsubishi Oil and Kokura Oil, had the intention of forming an oil cartel again. In the Diet previously the then Minister of Commerce and Industry Dr. Joji Matsumoto said that the price of gasoline would be stabilized around 40 sen a gallon despite the additional obligations due to the enforcement of the Oil Industry Law, and the present sanction of the raise will become a hot issue even though the cost and exchange relations are recognized as the nominal reasons for the rise.

Japan to Tighten Up on Foreign Payments

Tightening of governmental restrictions against transactions that would tend to increase Japan's foreign payments was forecast in Tokyo Jan. 8 as the Ministry of Finance rejected the applications of the Tokyo Electric Light Company and the Toho Electric Company for permission to purchase Yen 20,000,000 worth of their own bonds on the American market this spring. The companies made their applications under the terms of the Law Against the Flight of Capital enforced since 1933, which requires governmental authorization for any remittances abroad. Official circles, financial obervers stated, seem perturbed over the decrease in foreign funds held by the Yokohama Specie Bank in view of the unfavorable trade balance for 1924 totalling Yen 163,000,000. The Specie bank's foreign holding are said to have fallen to the Yen 200,000,000 mark.

Japanese financial officials, in curbing the flight of capital, are seeking to maintain unbroken Japan's 100 percent record in the payment of her obligations abroad, only marred by the difficulties of the Tokyo Municipality's dispute with French bondholders over the payment of interest following the stabilization of the French franc on a gold basis.

The maintenance of Japan's financial prestige abroad is however proving to be an increasing strain on the national coffers because of the drop in the yen, according to experts.

Premier Stresses Courage of Japan in New Year Message

The Premier of Japan, Admiral Okada, declared in his New Year's message that Japan is facing a "mountain of difficulties" at home and abroad, but that it will pursue the steadfast course pointed out at the first beginnings of the Imperial dynasty. He called on all subjects to face the duties of the coming twelve months "with a fresh mind and with a determination to redouble efforts for satisfactory performance."

Formosan Police Accused of Fabricating Cannibalism Charge

Cannibalism and the death of three suspects under "third degree" treatment by police of the Formosan Government-General represent the charge and counter-charge resulting from the first stages of an investigation of the disappearance last March 27 of Policeman Atsushi Ono after an attack by aborigines on a village in Karenko Province, Formosa.

In a dispatch from Taihoku, the *Nippon Dempo* news agency reported that the recent dismissal of Nei Seno as director of the police section of the Karenko provincial government and the punishment of other officers of the section revealed for the first time that the Government-General had received a police report saying that the policeman was abducted by rebellious savages, beheaded, and that a cannibal feast was held, after which the bones were burned in an attempt to conceal the crime.

The report caused the Governor-General to order a sweeping investigation, which brought to light the charge by natives that the police had arrested the chieftain and six other natives of the accused tribe, had detained them for an extended time, and had subjected them to "third degree" methods in an effort to obtain confessions of the alleged cannibalism. As a result, it was stated, three of the aborigines died in police cells.

High authorities of the Governor-General concluded, the dispatch said, that police of the provincial government had falsified the sensational report of cannibalism with the hope of justifying their treatment of the suspects, but, because of the importance of good relations between the aborigines and the police, the Government-General has instructed the provincial authorities to continue the investigation into the fate of the missing policeman.

Nicholas Murray Butler Says Japan Places World in Danger

Nicholas Murray Butler, president of the Carnegie Endowment for International Peace and president of Columbia University, in a New Year message to the Japanese nation, said:

"You have been good enough to ask me for a message to the Japanese people to be published in Japan on New Year's Day. You tell me that the Japanese people are very anxious to hear frank and candid opinion from their close friends in the United States. I count myself one of these. The progress which her people have made during the past two generations in civilization, and in the arts which are dependent upon it, is one of the wonders of the modern world. Japan has gained for herself a place in the front rank of twentieth century peoples and her progress, her policies and her national ideals have become matters of world-wide interest and of world-wide concern.

"I should be lacking in frankness, even in truthfulness, were I not to state the fact that in my judgment the government of Japan is at the present moment putting in gravest danger all the great and honorable reputation which her people have so finely won."

Japanese and Shantung Province Reach Loan Understanding

Conclusion of an agreement between the Shantung Provincial Government and a Japanese banking consortium on the redemption of the 1919 Industrial Loan of Yen 3,500,000 is reported by the head office of the East Asia Industrial Co., Ltd. The loan was granted to Shantung Province by a banking group known as the Japan-China Industrial Co., Ltd., since defunct, and was earmarked for the industrial development of the province. The loan carried the interest of 10.32 per cent and was secured by the local provincial taxes. Only a very small part of the interest has ever been paid to the investors and the East Asia Industrial Co., the successor of the Japan-China Industrial Company, undertook negotiations with the provincial government with a view to the readjustment of the loan. According to the terms of the agreement, the principal of the loan remains the same, with the 16-year accumulated interest set arbitrarily at Yen 3,000,000. The interest rate for the future is set at six per cent, with the combined principal and interest to be repaid in monthly installments of Yen 60,000 or Yen 720,000 annually.

The negotiations were conducted in Tsingtao between General Han Fu-chu, Chairman of the Shantung Provincial Government, and the East Asia Industrial Company, representing the Japan Industrial Bank, the Chosen Bank and the Bank of Taiwan, which have made the original loan.

Japan's "Spiritual" Interest in Manchukuo

Prior to his departure from Tokyo last month, General Minami issued a statement outlining his two major principles of guiding Manchukuo and the policy of spiritual and economic cooperation with Manchukuo. Among other things he said: "I feel the greatest responsibility in assuming my new posts. The Manchurian emergency occurred while I held the office of war minister, and I feel it a great honor to take the posts in Manchukuo. I am most glad that during the brief span of the past three years Manchukuo has made such progress as no other country has done in modern history, and the friendly relations of the Japanese and the people of the new state have been greatly strengthened, thanks to the support of the whole Japanese people and the unremitting efforts of the people of Manchukuo. However the development Manchukuo has seen so far is the ground work for further development, and various systems still require readjustment. The plan for the readjustment of the Japanese administrative organs in Manchuria, which has been endorsed by the Diet and is now being examined by the Privy Council, will be carried into effect very soon. The plan will enable us to execute the principle of giving guidance to Manchukuo.

"Needless to say, our fundamental policy is to respect the independence of Manchukuo and enable that country to make sound development, so as to lay the basis of the peace in the Orient and contribute to the welfare of mankind. For this we desire enthusiastic support of the whole nation. All must have deep concern about Manchukuo.

"One of our fundamental policies toward Manchukuo is harmonization of Japanese and Manchurians, spiritually and economically. The fundamental of the spiritual combine is to make Manchukuo a truly independent state in view of the aim of the foundation of the state. Spiritual combine is essential for peace in the Orient and the whole world. Japan's motive in aiding Manchukuo is solely to secure the peace of the Orient, and no selfish motive is underlying it. Accordingly, Japanese shell never act with a sense of superiority, which may give a mistaken notion to others that Japan is treating Manchukuo as a tributary. Such misunderstanding will have a most serious effect universally and might lead to spiritual separation of Japan and Manchukuo. Our people must note this and support Manchukuo for mutual benefit."

Japanese Win Land Lease Privileges in Manchuria

An agreement has been reached between the Japanese and Manchukuo governments regarding land leases in Manchukuo. According to the new arrangement Japanese are permitted to lease land, without restriction, in all parts of Manchukuo. During the Chang Tso-lin regime, Japan had the right to lease land in Mukden province only, but according to the *Osaka Mainichi*, actually the Mukden authorities prevented the leasing in many cases, and applied pressure to the lease-holders. The Japanese government has been conducting negotiations with the Hsinking government since Manchukuo became independent, and the latter having agreed to the Japanese request, the press ban on the matter has been removed.

The agreement provides that Japanese will be allowed to lease land in any part of Manchukuo for commercial and industrial purposes for the term of 30 years, and when the term expires the contracts may be renewed.

Emperor of Japan Receives General Hishikari in Audience

Emperor Hirohito, who on Jan. 6 left his room for the first time since Dec. 28 when he contracted a slight cold, received Gen. Hishikari, former Japanese ambassador to Manchukno, and concurrently commander-in-chief of the Japanese Kwantung Army in audience Jan. 7. Gen. Hishikari, who has been placed on the reserve list because of age, will serve on the Supreme Military Council.

New Vice-Minister of Overseas Appointed

Holding himself responsible for the widespread discontent that prevailed in the Ministry of Overseas Affairs in connection with the reform of Japanese administrative organs in Manchukuo last autumn, Teiji Tsubokami, Vice-Minister, tendered his resignation Jan. 7. Count Kodama accupted Mr. Tsubokami's request and selected Umihei Irie, a former director of the South Manchuria Railway Company, as successorr

Hamilton Fish Urges Recognition of Manchukuo by U. S. A.

Recognition of Manchukuo and abandonment of America's "hypocritical" attitude towards Japan's position in Manchuria were advocated Jan. 6, by Hamilton Fish, Republican Representative of New York. Mr. Fish, who won fame in Congress by his persistent baiting of the "Reds," declared that the controversy over naval ratios could be settled amicably. The New York legislator said, however, that Japanese industrial development, raising them to rivalry with all nations, has upset the world's trade equilibrium and that he is anxious to see that American export markets, particularly for textiles, are safeguarded against Japanese competition. "The naval controversy can be settled, provided we do not persist in passing moral judgment upon Japan and continue telling her what she should do in Manchuria," Mr. Fish said. "It is hypocritical for Britain and France, who have grabbed half of the world, to tell Japan that she has no superior rights in Manchuria, and it is hypocritial for the United States to sit in moral judgment on Japan after we have seized the Panama Canal zone and while we continue maintaining the Monroe Doctrine," Mr. Fish declared.

Finance Minister Says Japanese Investments in Manchuria Are Safe

The Japanese investments in Manchukuo, which during last year amounted to Yen. 140,000,000 are absolutely safe, Mr. Takahashi, Minister of Finance, stated at a meeting of the Cabinet. Jan. 8. Takahashi, however, warned the Cabinet members that a strict regulation of the future investments is absolutely necessary, in view of the effect the outflow of capital has on Japan's currency.

Special Investigator Gives Views on Manchuria

The *North-China Daily News* during the week published a series of articles on Manchuria written by its regular Peiping correspondent, W. Lewisohn. The first article of the series dealt with the question of foreign trade as viewed from Mukden, the storm-centre of the "Incident" four years ago which led to the establishment of the new state, which, in its separation from China Proper, was equivocably evidenced in March last by the assumption of the modification of the "Open Door" policy. Mr. Lewisohn's conclusions were that this has definitely meant the exclusion of all foreign trade other than that from Japan. His summary of the tendencies towards this conclusion ended with the note that the F.B.I. Mission led by Lord Barnby may not have had very good grounds for optimism in its report on prospects of future British trade in Manchukuo.

Turning to the question of the oil monopoly, the writer, after making exhaustive enquiries, commented that considerable pressure had been brought to bear on the Manchukuo Government by Japanese oil interest to create the monopoly which, from the details of its operations already published, would be largely controlled in Japan. The place of the Fushun shale-oil industry, operated by the purely Japanese enterprise of the S.M.R., was also outlined.

In the third article of the series, the writer showed how Hsingking (Changchun) the new capital of Manchukuo, formerly an insignificant railway junction, was being developed by Japanese enterprise. He gave examples to show how completely Japanese "advisers" are dominating the affairs of the new Manchu Empire. In discussing the point as to what specially constitutes "the power behind the throne," the conclusion was reached that while the Kwantung Army may have considerably greater influence in its final appeal, the civilian administrators from Japan are developing a "Dominion spirit" which is growing in strength sufficiently to exert an independence of its own even to the point of a break with Tokyo.

Following details of an interview with Cheng Hsiao-hsu, the Premier of Manchukuo, the writer took up the question of banditry. The writer gave the opinion that conditions in Manchuria are to-day very much better than in China and certainly better than during the Chang Hsueh-liang regime in spite of the fact that the bandits since have largely augmented their forces from disbanded Chinese soldiers and that the opening up of the country is offering further inducements to lawlessness.

In an article on Rashin, a port in northern Korea within 100 miles of Vladivostok which is being designed so as ultimately to oust Dairen as the second port of Manchukuo, the writer paid tribute to the Japanese who, through S.M.R. enterprise, have made much progress in founding a new port in Rashin on lines in keeping with the design that it should become the future second port of Manchukuo in place of Dairen. However, the correspondent pointed out and discussed the fact that the chosen location for this future important port is on the northern extremity of the Korean coast and within 100 miles of Vladivostok. Progress so far attained in the construction of the new port and the sister port within the 100-miles radius, of Seichin and Yuki, was reported; and many points arising from the activity were brought forward.

Gen. Ma Chan-shan's Son Held by Japanese at Tientsin

Ma Kwei, son of General Ma Chan-shan, former chairman of the Heilungkiang provincial government, and ousted volunteer leader in that province, was held for more than a week by the Japanese authorities in Tientsin. The heir of the prominent anti-Japanese leader was arrested with a friend, a former commissioner of the Land Bureau of the Tientsin city government, while patronizing a cabaret in the Japanese Concession there. The arrest was made on December 22.

China-Manchukuo Customs Pact Eliminates Difficulties Along Great Wall

A new Customs agreement between China and Manchukuo has been formally concluded in Peking, eliminating existing difficulties along the Great Wall.

The agreement provides:

1. The establishment of a bonded warehouse at Shanhaikwan, under the control of Chinese and Manchukuo Customs inspectors, for goods destined to Manchukuo;

2. Either party desiring to maintain Customs offices along the Great Wall must notify the other beforehand;

3. Mutual co-operation between China and Manchukuo against smuggling;

4. War munitions destined south of the Great Wall will be exempt from Customs duty.

Japan Prepares to Do Honor to the Emperor of Manchukuo

According to the *Asahi*, the Emperor of Manchukuo will visit Japan early in April. His intention to visit Japan by way of returning the visit paid by Prince Chichibu some time ago to Manchukuo was informally conveyed to the Japanese Imperial Household several weeks ago and Mr. Yuasa, Minister of the Imperial Household, and other Court dignitaries have been making preparations for his reception.

As this will be the first formal visit of a foreign ruler to Japan the Imperial Household will extend the most cordial reception to the visiting Emperor of Manchukuo. A warship will be dispatched to Dairen to convey the erstwhile Pu Yi to Nippon's shores, and the Japanese Emperor will meet the Imperial visitor at Tokyo station. The Akasaka Detached Palace will be put at his service during his sojourn in Tokyo.

The Emperor of Manchukuo will stay in Tokyo for about a week, after which he will visit Hakone, Nikko, Kyoto and other places.

Special Stamps to Be Used in Mails for Manchukuo

The new series of stamps, which are to be used in the mail service just opened between China and Manchukuo (and also *via* Siberia) consisting of four issues, do not carry the likeness of Emperor Kangte nor the word "Manchukuo" as did older stamps. An elaborate design combining the five-petaled orchid crest of the new Empire with kaoliang appears on the 2 and 8-fen issues. The 4 and 12-fen stamps carry a picture of rugged country done in the classic Chinese style of painting under a small orchild emblem. The only inscriptions appearing on the whole issue are the characters "Yu-Tsang," or Postal Administration, and the various denominations. The 2-fen stamp is green, 4-fen brown, 8-fen golden yellow and 12-fen vermillion. There are no perforations. The elimination of the portrait of Emperor Kangte was explained by a high Post-Office official as having been done "to prevent any disrespectful acts against His Majesty's likeness."

Soviet Union Claims First Place in Europe in Pig-Iron Production

According to the preliminary figures published in Moscow December 28 on the work of iron and steel industry in 1934, the output of pig-iron has reached 10,500,000 tons, or almost 50 per cent more than in 1933, as against 4.2 million tons produced in 1913. The output of steel in Soviet Russia this year amounts to approximately 9.6 million tons, or 40 per cent more than in 1933; the output of rolled metal about 6.7 million tons, or over 33 per cent more than in 1933.

Seven new blast-furnaces with the aggregate volume of 7010 cubic meters, and 18 open-hearth furnaces with the aggregate floor space of 968 square meters have started operating during the year.

The U.S.S.R., according to *Tass*, has advanced in 1934 to the first place in Europe and second place in the world with regard to the production of pig-iron (the U.S. being first.) Great successes have been achieved in the production of high grade steels, which increased tenfold during the past five years.

Soviets Increase Output of High Grade Steel

The Soviet "Spezstal" trust (producing special marks of steel) has completed its program of output before the schedule. The increase in output of high grade steel in 1934 has been very noticeable. The output of rolled steel increased by 27.4 per cent, cold drawn steel by 32.4 per cent, and aeroplane parts by 45 per cent over that of 1933.

"Iron Age" Comments on Soviet Industrial Growth

The American magazine *Iron Age* compared the relatively insignificant increase in the output of pig-iron in the United States with the enormous growth in the U.S.S.R.

The magazine emphasized that the share of the U.S.S.R. in the world output of pig-iron rose from 1 per cent in 1924 to 15.6 per cent in 1934, while Soviet steel output formed in 1934 11.75 per cent of the world total, as compared with only 1.27 per cent in 1924.

In the United States, the December pig-iron production was 1,034,983 tons as against 936,940 tons for November, while the total for the entire 12 months of 1934 was 15,918,349 as against 13,212,785 tons for 1933.

American Muskrats Flourish in Siberia

Several specimens of muskrat, trapped for its fur in many parts of the United States, notably in Louisiana, were brought some years ago from the United States to Siberia and released in Engara Lake, East Siberia. The animals have spread throughout the Tunkinsk district and trapping for commercial purposes will be started for the first time this winter.

Price of Bread in Russia Goes Up with Abolition of Rationing

From January 1, for the first time in six years, Russians are able to buy an unlimited quantity of bread without the use of bread cards. This is the result of the Government decree ending bread rationing in Russia. The price of bread, however, has increased about six percent, and disorders in various parts of the country are reported.

Soviet-American Loan Negotiations to Be Reopened

A recent Washington message indicated that the negotiations for the settlement of the old Russian debts to the United States, involving the prospective establishment of new credits for the sale of millions of dollars worth of goods to Russia, would be resumed during this month.

U.S. Congressman Wants Recognition of Soviets Withdrawn

Declaring that Soviet Russia was controlled by homicidal terrorists who have murdered and starved ten to twenty millions of people for political purposes, Representative George Holden Tinkham, of Massachusetts, announced that he is going to ask Congress to withdraw its recognition of the Soviet Union. "The United States' recognition of this rule of homicidal terrorists encourages them to talk war and make provocative waflike nations in the Far East," said Mr. Tinkham.

Soviets to Publish Korean Dictionary

The Far Eastern branch of the Academy of Sciences at Vladivostok, working in cooperation with scientists of the Far East, is publishing a large dictionary of the Korean language.

Art Objects to Be Used to Foster Sino-Soviet Cultural Relations

China and Soviet Russia are to exchange objects of art for public exhibition for the promotion of cultural relations between the two countries.

Following the Chinese Art Exhibitions held lately in Moscow and Leningrad in Soviet Russia under the supervision of Hsu Pei-hung, noted Chinese artist, arrangements have been made between the Soviet International Cultural Association and Mr. Hsu for a yearly exchange of art objects between China and Soviet Russia.

A number of Russian and Chinese paintings were exchanged between the two parties concerned immediately after the arrangements were made; however, it is stipulated that Russian art objects for exchange should not be of a political nature.

Two Russian Guards Killed by Bandits on C.E.R. Eastern Line

Two Russion forest guards, Glasunoff and Kilicheff, were killed not far from Shanshih station, on the eastern section of the Chinese Eastern Railway, when their post, manned by 14 men, all Russians, was attacked by a force of over 100 Chinese bandits equipped wtth automatic rifles. The Russians, who were armed with rifles only, fought an unequal battle for several hours, but, as their ammunition was becoming exhausted, they were eventually compelled to retreat to Shanshih. The garrisons of other nearby forest posts were hastily summoned and went to recover the bodies of their dead comrades. When they reached the scene of the encounter, they found the bodies of 13 bandits, and many wounded men who were taken prisoners.

C. E. R. Negotiations Draw Near to Conclusion

A Tokyo message Jan. 7 stated that the Chinese Eastern Railway negotiations are nearing conclusion. A Foreign Office spokesman added that after the formal sales agreement has been decided the Manchukuo Government will decide whether the Railway Ministry shall operate the line or whether it shall be turned over to the officials of the South Manchurian Railway for the purpose of operation. The spokesman also said that undoubtedly Admiral Yamamoto will return to Tokyo for a conference unless the London Naval conversations are resumed at an early date. The spokesman declared that Japan is still willing to resume the conversations at any time and indicated that the Government will consider the appointment of delegates to the regularly scheduled 1935 conference at an early date.

The poisition as regards the C.E.R. as disclosed in recent interviews is as follows:—

1.—Of the purchase price of Yen 130,000,000, one-third is to be paid in cash, a half being paid simultaneously with the signing of the agreement. The remainder is to be paid in instalments in three years, with interest at 3 per cent per annum. In case the yen exchange witnesses eight or more per cent fluctuations in terms of the Swiss franc, the amount paid in cash is to be adjusted proportionately.

2.—Payments in kind are in principle, to be effected in three years, but if this is found impossible, the Soviet Government is ready to extend the term by another three years, purchasing Japanese goods as far as possible, The purchase contract is to be signed within six months after the signing of the new agreement.

The Soviet side has already indicated its desire to purchase rice, raw silk, silk fabrics, small ships, electric machines and implements, fishing-nets, Manchurian soya beans and Manchurian red beans.

3.—With regard to payments in kind, the Soviet side is satisfied if the procedure for payment is made secure. Regarding the guarantee of cash payments, over which there has been much controversy, it has been finally agreed that the Japanese Government should assure the Soviet Government in writing of the faithful observance of the agreement by the Manchukuo Government. If, however, the Soviet Government, in future negotiations, should adopt an attitude implying defiance of the wishes of the Manchukuo Government the Japanese Government may withdraw this assurance. That is to say, the pledge will stand only when all issues in the negotiations have been settled.

4.—With regard to possible disputes over the prices of goods to be delivered to Soviet Russia, the Soviet side formerly insisted that in the event of such disputes not being settled by a committee consisting of one Japanese, one Manchukuo and two Russians, final arbitration should be left in the hands of a third party. This claim was, however, waived by the Soviet side at the interview on Dec. 30 between Mr. Togo and Mr. Kazlovsky. The Japanese side proposes that in such an event, the matter should be settled by diplomatic negotiation between Japan and Soviet Russia in regard to Japanese goods and between Manchukuo and Soviet Russia regarding Manchukuo goods.

5.—All property of the Chinese Eastern Railway is to be transferred to Manchukuo simultaneously with the signing of the new agreement. The inventory of the Railway and a balance sheet up to the date of signing are now being drawn up by a joint Soviet-Manchukuo committee at Harbin. Soviet Russia will be allowed to retain the boarding-house for Soviet Consular officials, certain books in the library, one school and some cultural equipment.

6.—There is still a wide divergence in respect of the basis of calculating the retirement allowances for the Soviet railway employees. Some difference also exists on the period of payment. The Soviet side proposes eighteen months, while Manchukuo insists on two years. On receipt of further instructions from Moscow, the Soviet side will further discuss this point with the Japanese and Manchukuo delegates.

How a Japanese Correspondent Summed Up the U. S. Munitions Investigation

K. K. Kawakami, the staff correspondent of the *Osaka Mainichi*, telegraphed from Washington Dec. 24, that the U. S. Army dislikes the investigation into the munitions industry which has been made by Senator Nye's committee because it discloses its embarrassing relations with munitions makers. The Navy is against it because Senator Nye threatens to inquire into its dealings with shipbuilders. This Japanese correspondent stated also that the Department of State frowns on the Nye investigation because it is embarrassed by revelations of Chinese and Latin American officials' shady dealings with munitions makers; further that Senator Nye's threat to investigate the Morgan influence upon President Wilson's decision to enter the World War alarmed the Department of Treasury and the financial world.

Japanese Army and Navy to Expand Aerial Branches

An ambitious scheme of aerial expansion will be put into effect during the coming fiscal year by the Japanese Army and Navy Offices, a study of the pending billon-yen military budget reveals. The Navy Ministry, the estimates show, plans to spend more than Yen 13,000,000 for the reorganization of the existing aerial force and the addition of eight new aviation corps. A sum of Yen 2,000,000 will also be spent for anti-aircraft arms. The Army is planning to expend Yen 22,000,000 for the enlargement of its aviation force, including the Korean and Formosan branches. It is also understood that of the Yen 162,000,000 allotted for Manchurian expenses, Yen 25,000,000 will be used to improve the aerial force stationed in Manchukuo and for the purchase of arms.

Gcneral Yang Chieh Gives Views on International Situation

The impressions gained on the present precarious international situation as a result of the unceasing armament race among the powers, as gathered from a recent world tour, constitutes the gist of a report given by General Yang Chieh, a member of the military advisory council, at the weekly Sun Yat-sen memorial service held in the Central Party Headquarters of the Kuomintang Dec. 31. General Yang declared that practically all countries in Europe and America are now busily engaged in the expansion of their armaments and the strengthening of their national defense. The contention of the foreign powers is that a country, in order to exist, must, necessarily be strong and resourcesful and, in order to resist outside aggression, a country must build up powerful armaments. General Yang expressed the belief that, in order to become strong and resourceful, a country must first enforce an industrial revolution and consolidate the national strength so that efforts can be made for the building up of powerful armaments. At a time when military forces are not fully developed, a country must necessarily employ diplomatic tactics to accomplish results when dealing with other nations.

Australia Prepares to Defend Itself

Active steps are being taken to improve the defences of Australia and New Zealand following the visit of Sir Maurice Hankey, Secretary of the Committee of Imperial Defence, to said countries. According to dispatches from Melbourne, Australia also intends to take immdeiate steps to implement the recommendations made by Sir Maurice Hankey on January 2, when a report was issued proposing a 10-year period of reorganization and strongly attacking the railway gauge confusion as an obstacle to mobilization and concentration. It is reported that the Government has decided to make an early start to make uniform the railway gauges at a cost of £20,000,000 and, incidentally, to diminish unemployment.

Heavy Penalties for Taking Pictures in Malayan Fortifications Area

The Malayan Command Orders recently published state:—"The taking of any photograph or the making of any other pictorial representation in which details of any Fort, Observation Post (whether from inside or from the outside) or fixed armament of any kind appears, is strictly forbidden. This applies to all fortifications whatsoever throughout Malava. Breaches of this order are punishable with imprisonment and heavy fines by the *Civil Law of the country.*"

Ranking Japanese Arms Delegate Returning to Tokyo

Vice-Admiral Isoroku Yamamoto, ranking Japanese delegate to the Preliminary Naval Disarmament Discussions in London, which adjourned Dec. 20, left the British capital for Tokyo during the week. *Rengo* says that Admiral Yamamoto's return, *does not imply that the Japanese government has lost all hope* for the reopening of the adjourned talks, as Tsuneo Matsudaira, Japanese Ambassador to the Court of St. James, who holds the rank of chief delegate in the negotiations, will be available should the negotiations resume.

J. P. Morgan Distributes China Tea as Christmas Presents

Following a custom started by his father of distributing boxes of tea at Christmas time among his friends, J. P. Morgan caused quite a commotion in the vicinity of Broad and Wall streets two weeks before Christmas time by having unloaded in front of the offices of his financial house 122 cases of China tea, each blazoned with a flaming red dragon. For a time the shipment rested on the sidewalk. Later the cases were carried into the building, through the small bronze door on the Wall Street side, and were swallowed up in the mystery that for a score of years has engulfed their predecessors. This year's packages, according to their markings, weighed fifty-six kilos each, making the total amount of tea received substantially more than six tons. The red dragon on the packages was accompanied by the words, Mandarin Brand—Dragon Chop." Ti Hung of China was listed as the shipper.

Attention was drawn to the shipment two years ago, when its arrival on Dec. 13 was followed by rumors that packages of gold or precious stones were being carried into the Morgan offices.

President Roosevelt's Budget--- $4½ Billions Deficit

A budget calling for total expenditures of $8,520,000,000 in the fiscal year beginning July 1 with receipts estimated at $3,992,000,000 was submitted by President Roosevelt to Congress Jan 1. This entails a deficit of about $4,528,000,000 for the year, pushing up the public debt on June 30, 1936, to a new high record for all time of $34,239,000,000. It is proposed that the new deficit shall be financed by using $740,000,000 of the Treasury's working balance and by borrowing about $3,788,000,000.

A sharp cut in the silver seigniorage for 1936 is forecast in the budget message, in which the estimated amount for 1936 is only approximately $25,000,000 compared with an estimate of $100,000,000 for the current fiscal year.

Largest Military Credits in History

President Roosevelt asked Congress for the largest military credits ever witnessed in the history of the United States. His message provided for a total of U. S. $792,500,000 in the defense estimate for the coming fiscal period, representing, in round figures, an increase of $180,000,000 over the 1933 budgetary year. Practically the whole increase is assigned toward the naval expenses listed at a total of $490,000,000. Of these $32,000,000 are destined for the beginning of construction in 1936 on 24 new warships, destroyers and submarines, while a sum of $108,000,000 is provided for the completion of vessels under construction.

President in Message Rededicates Himself to the "New Deal"

In his message to Congress Jan. 4, President Roosevelt rededicated himself and his Administration to the New Deal and the cause of the "forgotten man." He declared he was ready to submit a broad program designed ultimately to establish the security of all American citizens.

The major objectives outlined by the President were three in number:

(1) The security of livelihood of all people to be brought about by the better use of natural resources.

(2) Security against the major hazards and vicissitudes of life.

(3) Security of decent homes.

"We have a clear mandate from the people," the President's message said, "that Americans must forswear that conception of the acquisition of wealth which through excessive profits creates undue private power over private affairs and, to our misfortune, over public affairs as well.

"In building towards this end we do not destroy ambition nor seek to divide wealth into equal shares. We continue to recognize the greater ability of some to earn more than others."

The President's message went on to point out that the ambition of the individual for proper security and a reasonable amount of leisure and a chance to make a decent living is far more preferable to an appetite for great wealth and power.

"New Deal" Suffers Reverse in Supreme Court Decision

In its first decision on Federal New Deal legislation, the Supreme Court of the United States Jan. 7 ruled as invalid a clause in the National Recovery Act under which the Government has been attempting to curtail oil production. Announcing the decision, Chief Justice Hughes said that a wide range of delegation of legislative authority could not be approved without limitation being applied. He added that nothing had occurred to warrant Congress assuming that it had constitutional authority to make unlimited delegation of legislative power.

FORD PRODUCTION PROGRAM CALLS FOR A MILLION CARS IN 1935

The Ford Motor Company's 1,000,000 car program for this year will total about $415,000,000, to be spent among 6,000 firms in the United States. Steel, iron and non-ferrous metals to be used in the cars will cost around $75,000,000. The rubber industry will sell the Ford company $22,500,000 worth of tires and $6,000,000 worth of crude rubber.

Brighter Shipbuilding Outlook in the U.S.A.

The output of American shipyards during 1934 is estimated at 240 merchant ships, totalling 75,567 tons, and 10 naval vessels aggregating 70,600 tons, the smallest output since 1903. The outlook for 1935, however, is described as being encouraging, chiefly owing to the Navy's building program.

Chicago to Minneapolis at a Mile a Minute

The world's fastest long distance railroad time-tables have been put into operation by the Northwestern Railroad and the Chicago, Milwaukee and St. Paul Lines. The run from Chicago to Minneapolis is made in 6 hr. 40 min., a speeed, including stops, of 400 miles in 400 minutes.

Secretary Wallace Warns America's Rich of Bourbon Errors

Secretary of Agriculture Wallace, speaking at the Union League Club, in N. Y. Dec. 7 called upon the 36,000 American families in the highest income brackets to discharge responsibilities commensurate with their power by supplying leadership for a broad social program. He asserted in passing that unless those families enjoying annual incomes averaging more than $75,000 avoided the errors of the Bourbons of France, the social pyramid would be inverted "with accompanying woe and anguish."

U.S. Banks Report Increased Deposits

The first thirteen New York banks to respond to the calls of the Federal Reserve and the Federal Deposit Insurance Corporation for condition statements as of Dec. 31, show an increase in deposits totalling $1,559,766,000. These institutions, including the "big three"—Chase National Bank, National City Bank and Guaranty Trust Co. reported deposits amounting to $7,321,118,000.

Three Chinese Slain in East Side Home in New York City

Three Chinese restaurant workers, called from their beds by gunmen of their own race, were shot and killed at 13 Suffolk Street, N. Y. Dec. 7 under circumstances causing a police investigation of whether they were the most recent victims of a progression of murders.

Proposal to Conscript Private Ships in War-time Is Revived

Legislation which will enable the Prisident to press all merchant ships into the service of the Government in the event of a national emergency was asked of Congress by Claude H. Swanson, Secretary of the Navy, Jan. 5. In making his recommendations the Secretary said: "Under the existing laws the number of vessels of necessary types which may be taken prior to the commencement of hostilities does not meet the national requirement. The Navy believes that this legislation is absolutely essential to the success of its plan of national defence." It will be recalled that the last sesston of Congress failed to act upon proposed similar legislation.

Director of Austin Company Inspecting Conditions in China

Wilbert J. Austin, president of the Austin Company of Cleveland, Ohio, is visiting in Shanghai on a trip around the world. He is accompanied by his son D. G. Austin and they are living at the Metropole hotel. The Austin Company has recently completed two factory buildings in China, one at Hangchow and the other at Canton, both of which were constructed on behalf of the Chinese Government and the Curtiss-Wright Aviation Corporation. Both Mr. Austin and his son came to China from Russia where they supervised the construction of one of the largest automobile plants in the Kuznetz district on behalf of the Soviet Government.

Opium Suppression Insisted Upon in Order by Gen. Chiang Kai-shek

Gen. Chiang Kai-shek Jan 5 issued a circular order to the Provincial Governments of Kiangsu, Chekiang, Kiangsi, Fukien, Anhwei, Hupeh, Hunan, Honan, Shensi, and Kansu, that rigid measures shall be enforced for the suppression of the opium evil. The order enjoins that the several Provincial Governments shall undertake a thorough investigation of the opium situation in their respective provinces and submit an official report to the Nanchang Provisional Military Headquarters. After receipt of such reports, the Provisional Headquarters may despatch inspectors to inspect the various provinces. If poppy cultivation should be discovered in any district, the magistrate of that district shall be held responsible for negligence of duty and shall be severely dealt with according to military law.

Ten Tsing Hua Students Arrested as Communists

Making a surprise raid on Tsing Hua University at Peiping Jan. 8, a force of police arrested 10 students on charges of participating in Communistic activities and brought them to Peiping for trial. The University, which is situated a few miles outside Peiping, was established with a portion of the American Boxer Fund.

Shanghai To Wusih Motor Road to Be Opened End of Month

The new motor highway between Shanghai and Wusih, now under construction, is expected to be officially opened for traffic at the end of the month, the *China Times* reports. Construction of the road will have cost abont $2,000,000. A 30-year franchise has been granted to the Shanghai-Wusih Motor Car company, which will operate a passenger and freight service along this highway.

The buses are now being ordered from abroad, and the service is expected to start some time in March.

Handy and Harman Say Silver Rise Depends on U. S. Purchases

Handy and Harman of New York, America's leading silver bullion house, in its review for 1934 declared that the silver market will show great steadiness as long as the United States remains as buyer and that prices will tend to advance further. This, however, depends largely on the rate and volume of the Treasury's purchasing.

Estimating the Treasury's total acquisitions of silver last year at 317,400,000 ounces, Messrs. Handy and Harman calculated that unfilled requirements on December 31 last totalled 1,120,000,000 ounces.

World silver production during 1934, according to the review, is estimated at 181,200,000 ounces, of which the United States produced 25,500,000, Mexico 75,000,000, Canada 16,300,000, South America 16,000,000 and other countries 48,400,000 ounces.

China's Exports Of Silver

Other supplies include exports by China of 200,000,000 ounces in excess of imports, sales by the Indian Government in London amounting to 30,000,000 ounces and sales by Russia amounting to 25,000,000 ounces, making total supplies of 436,200,000 ounces.

World consumption of silver during 1934 is estimated at 436,200,000 ounces, of which the United States acquired 317,400,000, while purchases by Mexico amounted to 7,200,000, Canada 1,700,000, Peru 1,100,000 and Australia 600,000 ounces.

Hongkong coined 9,000,000, Cuba 7,800,000, Colombia 3,600,000 and other countries 600,000 ounces of the white metal.

Consumption by India totalled 15,000,000 and Germany12,400,000 ounces, while the arts and industries in the United States and Canada used 25,000,000 and England 13,000,000 ounces, leaving a total of 21,800,000 ounces unaccounted for.

Analyzing the long-time effect of China's recent export tax, Messrs. Handy and Harman say that, although the view of the Minister of Finance is undoubtedly true that controlled exchange will tend to stimulate the export of Chinese commodities which has been curtailed by rising silver prices, nevertheless this tendency can only become an actuality to the extent that the rest of the world is in a position to buy China's products. But since such purchasing power is still largely lacking, it would appear that the Chinese trade balance would adjust itself by a decrease in imports. If this deduction, based on China's continuance of protective exchange control, is correct the net result of raising and maintaining silver prices above the level of commodity prices generally will be the impairment of China's purchasing power

Bombay Silver Rates Slump

President Roosevelt's budget message had a sharp effect on the Bombay silver market Jan. 8. The decline was due to "bearish" interpretation placed by speculators on the news that the message foreshadowed a sharp cut in silver seigniorage for 1936. This was construed by overbought speculators as an indication of a prospective easing of the United States silver purchase program in 1935, and led to nervous liquidation.

Influx of Gold Upsets U.S. Silver Buying Drive

A Washington message Jan. 3 stated that the influx of U.S. $400,000,000 worth of gold into the United States since June has virtually nullified the efforts of the Government to increase its silver stocks to one-third of the monetary value of its gold stocks, as provided in the Silver Purchase Act of 1934.

National City Bank Criticizes U. S. Government Silver Policy

In the current issue of its monthly bulletin, the National City Bank of New York severely criticizes the United States Government's silver purchase program. Describing the Government's policy as creating a monetary crisis in China similar to that in the United States early in 1933 and as being hurtful to U. S. trade with China rather than beneficial, the Bank says that public opinion in China is now reported to be running very high against the United States. The Bank's review also states that the silver purchase program is antagonistic to the interests of China, contrary to the object of the London Silver Agreement and also contrary to the purpose announced by President Roosevelt in ratifying that agreement, to "augment the purchasing power of the peoples of the using countries." The suggested solutions of the problem by lending silver to China or revaluation of China's currency are rejected by the Bank as useless. The only possible remedy, the Bank suggests, is for the Treasury to limit its purchases of silver to the amounts offered around current prices in the hope that China may be able, if no further rise in silver occurs, to work out methods for controlling the situation.

After describing the draining of silver from China, the Bank points out that the U. S. silver purchase plan not only affects China's currency system directly but also indirectly by raising the value of China's currency, and so affecting the balance of payments that silver has to be exported to cover deficiencies.

The Bank adds that if the price of silver continues to rise, the outcome is more likely to be a smaller rather than a larger United States trade with the Orient.

Japanese Watch American Trade Mission to China with Great Interest

Concerning the announcement that the U. S. National Trade Council will send a trade mission to China to study means of enhancing Sino-American trade, Eugene Peeples Thomas, president of the Council, in an interview last month with the correspondent of the *Osaka Mainichi* in New York, said: "The trade mission will also visit Japan and the Philippines. According to Lord Barnby's report, it appears the members of the British trade mission are satisfied with the results of their visit, and we expect that the American trade mission will also achieve good results." Asked if the National Foreign Trade Council contemplates the employment in the Orient of American capital, Mr. Thomas replied that while it should not be taken that the Washington government or American syndicates are contemplating a new method of development, it is true that there are concerns which contemplate new investments in China. He said that American capitalists are much interested in the Chinese plans for the construction of railways, inauguration of aerial routes, extension of means of communication and highway construction, and that they note with particular interest the investment of the Boxer indemnity in the construction of the Hankow-Canton railway. Replying to the question of whether the trade mission will visit Manchukuo, he said: "The question has not come up yet, and I have not thought of it myself."

The Nations of the World Vie with Each Other in Making Loans to China

The Shanghai correspondent of the *Osaka Mainichi* telegraphed Dec. 26 that the Powers, especially Britain and America, have been increasingly dispaying activities in China in recent years for the extension of their markets and for extending their economic and financial influence. The investments made by the powers in China during these two years were estimated by the Japanese correspondent at about Yen 500,000,000.

Furthermore, America was stated to be negotiating a loan of 50,000,000 yuan to the Canton government, a loan of 20,000,000 yuan for the exploitation of the oil fields in Szechuan and Shensi provinces, and a loan of 10,000,000 yuan for the establishment of a gasoline plant as a Sino-American joint enterprise.

The Nanking government was also stated to be conducting negotiations, chiefly with American concerns for a loan of 200,000,000 yuan for the development of northwestern Chian, and it was reported that British capitalists are maneuvering to have a share in the supplying of the loan.

The *Mainichi* correspondent continued: "It is likewise reported that the Nanking government has concluded negotiations with a British syndicate for a loan of 15,000,000 yuan for the development of Szechuan province. Britain is making great efforts to revive trade in the Yangtse region, which has been declining, and she has greatly augmented her influence in South China by making investments in railways. France has supplied a loan of Fr. 35,000,000 for the extension of the Chenting-Taiyuan railway, a loan of 6,000,000 yuan for the construction of the Haichow harbor works in Kiangsu province, and other loans for the purchase of airplanes and weapons. It has become known that Germany is negotiating a loan of 15,000,000 yuan for the establishment of a loan of 90,000,000 yuan for the establishment of an aerial depot at Loyang. In this way, the powers are taking advantage of the wane of the Japanese economic influence in China."

Bank of China Compiles Comprehensive Statistics of China's Trade

The Research Department of the Bank of China has compiled a brochure of 112 pages giving statistics of China's foreign trade 1930-1933. The text is given in both English and Chinese, the whole being copiously illustrated by graphs. Among the facts which the graphs vividly portray are: The net value of China's foreign trade, distribution of China's foreign trade by countries, China's import and export trade with principal foreign countries, China's balance of merchandize trade, distribution of China's foreign trade by ports, value of principal items of import and export, principal items of trade with U.S.A., with Japan, with Germany, and with France; commodities classified by groups, statistics of export of tea, of silk, of groundnus, eggs and egg products, furs, hides, raw cotton, cotton yarn, cotton piece goods, silk, beans and peas, bean-cake, bean oil, wood oil, sesamum seed; and statistics of imports of rice, wheat, wheat flour, raw cotton, cotton yarn, cotton piece-goods, paper, machinery, sugar, timber, tobacco, cigarettes, kerosene oil, coal, iron and steel, etc.

The Chinese Press Since 1925

BY T. B. CHANG* (張叶孚)

AT the opening of a year one may just as well make a retrospective survey into the past as take a prospective look into the future. During the past decade in China great changes have taken place in every department of national life whether it be politics, finance, business, communication, or education. In the realm of journalism, which in the modern sense of the word, dates from the middle of the nineteenth century, there, too, are not lacking landmarks of progress. Space does not permit a detailed treatment of the Chinese press; let us take a brief survey of Chinese daily journals with special reference to the salient features of the growth and metamorphosis that they as a whole have acquired and undergone in the last ten years.

Of the means of communication that the government has recently promoted, the most remarkable in progress are the postal and radio-telegraphic facilities, on which the press depends for transmission of messages. Long distance telephone and radio, particularly shortwave radio, have been added to the telegraph. News is, therefore, transmitted much faster and more easily than it was ten years ago. Moreover, the unification of radio administration, the improvement of business methods, the lowering of the tariff for press messages, all have induced the Chinese press to make much more extended use of the radio-telegraphic service. In the last five years transmission of news has further been improved by broadcasting on the air, by the construction of a long distance telephone net-work, by air mails, by the reduction of postal charges on delivery of newspapers, and by combining in some places the post office and the telegraph office under one administrative roof.

New Sectional Centers

This increasing efficiency attained in the transmission of messages has resulted in the raising of the center of gravity in the Chinese newspaperdom, which ten years ago found itself in Shanghai very low and static. The flourishing condition of local daily papers, which can be attributed to the radipity with which news is disseminated over the country, has created sectional centers, as Tientsin in North China, Hankow in Central China, Hangchow in East China, Canton and Hongkong in South China. Nanking, after becoming the seat of the Chinese government, has not only relegated Peiping to a position of secondary importance, but has also all at once become the heart of China's news system. All these changes testify to the progress of the Chinese press. It may be predicted here that in the next decade greater changes will be witnessed in connection with journalism when commercial aviation grows more popular and wireless telephone, phototelegraphy, and dispatch by pigeons are universally applied.

Ten years ago, Chinese publishers regarded editorials and military, political, and diplomatic stories as their principal columns; international, economic, educational, social, and athletic news received little attention from both editor and reader. But during these eventful years marked by the Tsinan incident, the Wanpaoshan incident, the Mukden case, and the Sino-Japanese conflict in Shanghai, the reading public have turned their attention to international news, to which Chinese papers, in response to the popular demand, have commenced to devote one or two whole pages. The conspicuous positions which internal political stories used to occupy on the page have not infrequently been assigned to issues of international importance. Articles reflecting foreign opinions are fully translated and published in special columns, news concerning small countries are edited with care, and reports from reliable foreign news agencies constitute the *piece de resistance* of many daily journals.

Next, economic information has played an important part in the daily reading matter. The financial bulletin, hitherto subordinate to the local page, has within these ten years, been greatly enlarged and given prominence as a result of the increasing number of issues of government bonds, the conversion of the traditional tael to the dollar, the development of insurance and trust business, the bankruptcy of rural economy, the concentration of idle capital, the tendency of unfavorable foreign trade, the failure in industry of overseas Chinese, fluctuations in the foreign exchange, and the restrictive measures on speculation. To all these economic factors the general public are compelled to pay close attention in order to safeguard their private or business interests.

More Educational and Sporting News

Another feature is the growth in bulk of educational and sporting news in Chinese dailies. The Far Eastern Olympic Championship Games, national and provincial athletic meets, the national pugilistic tournament, interscholastic examinations for middle and primary schools, all these developments have contributed to the gradual recognition by the masses of the importance of intellectual and physical training.

Stories on social affairs, to which more respectable daily journals did not attach much weight, have found their way into the front page. Since 1926 mosquito papers have flooded the town, thus compelling conservative editors to expose in a relatively more dignified manner the seamy side of society. At one time one newspaper went so far as to rely on publication of gossipy reports for its main attraction. In spite of the interest it awakened in the reading public, it however failed to convey any idea of social reform. On the other hand, the evil effects produced by the mosquito press are not few in number.

All the aforesaid characteristic changes may serve as an index to the variations in the viewpoint, taste, and demand of thousands of newspaper readers in the period of ten years. Unless the press take note of these mutating modes and moods from time to time, it can by no means interest or enlighten the community it professes to serve. Looking into the near future, one may predict that it will allot greater space and attention to disseminating agricultural information and scientific knowledge.

One record that should go into the repertory of the Chinese press is the coming to the fore of evening newspapers since the Shanghai incident. Before 1931, few publishers realized the possibilities before evening dailies, and even when they were attempted, failure soon overtook them because of their half-heartedness. But the Sino-Japanese fighting in Chapei taught the public to feel the need of learning the latest news before the day closes. As a result, publishers felt the obligation to supply the need. In Shanghai and Hongkong, evening papers have met with success and are likely to thrive in future, owing to the fact that these two centers each have a population, trade, and a mode of living which justify the existence of evening publications. Peiping, though it has followed the example of Shanghai and Hongkong, is not their equal because its local trade is dwindling in proportion to its political influence.

More Speed and Better Make-up

Among the publishers themselves, the rapid development of the press since 1926 has brought in keen competition on both business and editorial sides. Not only does a newspaper strive to obtain fast, detailed, wide—appealing news, but also its editors do not spare efforts to write better headlines, to do better make-up to employ better language. Among the noticeable improvements are the arrangement of news according to their nature, not to the scene of action; the adoption of a careful, systematic method of compiling stories; and the replacing of reports in which criticism and narration are mixed up by those written in a disinterested, narration are mixed up by those written in a disinterested, narrative style.

We have touched upon the Chinese press in respect of its quantity. As to selection of material, editors are in favor of news of a serious nature. In order, however, to secure harmony in tone and taste and to avoid leading readers into boredom, newspapers have by degrees given greater space to the theater and cinema, cartoons and comics (especially serial), and readers' columns (composed, for example, of questions and answers, gratis advertisements for unemployed persons, letters to the editor and so on).

In the last six or seven years the issue of local or special supplements has been in vogue, particularly in Shanghai and Hongkong. It bespeaks a desire on the part of the public for expression which is not met by other methods of publication. On the other hand, as far as publishers are concerned, it is actuated by the motive of gain, the motive of selling more advertisements. In Canton, Macao, and Hongkong, there was no issue of newspapers on Sundays, but in most cases this custom has been abandoned during the last five years, and in other cases a Sunday edition is issued for holiday consumption.

Improved Mechanical Equipment

With regard to printing, there are also signs of progress. Before 1925 extra size type, 6 point type, and new punctuation marks were hardly seen in daily journals, but they have since been introduced with other types such as new 5 point, han wen, sung-imitation, and boldface.

Owing to the rise of circulation and early delivery of papers, the rotary press has taken the place of flat-plate rolled paper press, and sometimes, has in turn given place to super-speed rotary press. To secure attractiveness for advertisements and headlines, frons pages are printed in two colors. This practice is followed in Tient tsin, Shanghai, and most keenly in Hongkong. Most newspaper-have installed photo-engraving equipments to facilitate printing graphic news and pictures.

Before proceeding to advertising we may pause to make a remark that the special permission granted by the government two years ago to reduce import duty on newsprint in reels may be taken as an indirect factor of assisting in the growth of the press.

Since the Manchurian incident in 1931, Chinese manufacturers have profusely advertised with daily journals in the same proportion as foreign advertisers used to do about ten years since. There is a two-fold reason: the promotion of native products and the modernization of business technique. At present the most generous

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advertisers are cigarette manufacturers, motion picture producers, and drug merchants. Second in rank are the bankers, legal announcements, and book publishers. Of late classified advertisements and composite pages have become popular and advertising copies interesting, artistic, and appealing, and are no longer filled with wordy explanations. In Shanghai the rate of changes has within this decade increased by 30 percent, being in proportion to the effectiveness of the advertisement, and also to the space it takes.

In closing, we may take a glance at how the distribution of newspapers in China has been affected in a large measure by questions of transportation and local conditions. Nowadays the press in Shanghai does not have so extensive a market in outports as it had ten years ago. In the North newspapers published in Tientsin are fast growing because of the easy facilities provided by railways and canals in the neighborhook. Nanking is one of the best markets for Shanghai dailies, but its new status as the capital of the national government has afforded its local papers an opportunity to develop themselves, thereby acting as a curb upon the influx. The same may be said of Hangchow where the representative newspaper has made remarkable improvements. Canton, too, has helped in fostering its local press on account of a peculiar circumstance under which outport publications cannot gain easy access to its reading public. The newspapers in Hongkong, which have long found their outlet in Macao, the Straits Settlements, and Kwangtung and Kwangsi are published subject to the taste and demand of these places. They have maintained a steady circulation, uninvaded by newspapers from Shanghai.

Shanghai, January 7, 1935.

China Remits for Relief Wheat and Pays Two Crisp Instalments

Dr. H. H. Kung, the Minister of Finance, announced Jan. 2 that two instalments of the Crisp Loan of 1912, instead of one will be paid annually beginning with 1935, in order that the arrears of principal of this loan, payable out of Salt Revenue, may be entirely cleared up. Thus, the 1929 instalment of principal will be paid in March, 1935; the 1930 instalment in September, 1935; and so on, so that the loan will be completely restored to schedule by 1940.

It will be recalled that last autumn the Anglo-French Loan of 1908 was restored to schedule, as the result of a series of extra payments begun in 1929. Among the salt-secured loans, the Crisp Loan ranks next in seniority after the Anglo-French Loan, except for the fixed charge of HK Tls. 950,000 in favor of the Hukuang Loan of 1911, which charge, however, has been increased so as to permit one regular payment of interest (£140,000 approximately) out of Salt Revenue each year.

The announcement of the present plan for clearing the arrears of the Crisp Loan follows upon payment last month of the 1928 instalment of principal of this loan, which payment followed completion of payment of the arrears of the Anglo-French Loan of 1908.

The Ministry of Finance remitted to New York for payment to the American Government on December 31 the sum of U.S. $3,255,198.71. Of this figure, U.S.$3,070,942.18 represents payment of one-third of the total principal amount of obligations given in purchase of the 450,000 tons of relief wheat and flour obtained from the American authorities in 1931-32 for the purpose of effecting relief and rehabilitation following the great flood of 1931. The interest paid December 31 amounts to U.S.$184,256.53. The total principal amount of the obligations issued is U.S. $9,212,826.56, payable in three equal instalments at the end of 1934, 1935 and 1936. In this connection, it is recalled that the wheat and flour were used largely for relief of flood sufferers employed in the reconstruction of over 4,000 miles of dykes in the Yangtze River valley. Altogether relief was given to over 10,000,000 people.

Chen Kung-po Officiates at Distillery Opening

The official opening of The China Distillery in Pootung took place last week. Chen Kung-po, minister of industry, officiated. Installed with up-to-date machinery for the manufacture of alcohol, the plant is under the management of the Kiang Gwan Company (India) Ltd. It is a semi-official enterprise, capitalized at $1000,000, with shares held by the Ministry of Industry, Wei Kang-chwan, a wealthy Java Chinese, and local merchants.

Proposed Revision of China's Import Tariff

It was authoritatively learned at Nanking, Jan. 4, that the Ministry of Finance is making a revision of the present Customs import tariff. Reductions on the import duty of certain goods and increases on certain others are being considered, and, as soon as the revision is approved by the Government, the new schedule will be made public and enforced.

No C.E. & M. Co. Dividend Owing to Cheap Coal Prices in China

At the annual general meeting in London Dec. 31 of the Chinese Engineering & Mining Co., W. F. Turner, the Chairman, commented on the fact that for the first time in the history of the Company, no dividend was being decleard. The Chairman said that the general depression in Chinese trade had been accentuated by Chinese companies throwing coal on the market at any price. The Company's sales during the year had actually amounted to 4,134,000 tons, compared with 4,005,000 tons during the previous year, but the seriously reduced prices for coal had affected the year's results. There had also been a series of strikes which had been a more dangerous threat to the Administration than any previous disputes; these were not due to grieviences on the part of employees, but of a political nature fomented from outside. The Chairman said that a considerable improvement was now visible, but profits on a bygone scale could not be hoped for while the depression in trade lasted. Mr. Turner paid a tribute to the new agreement with the Lanchow Mining Co., which he said, would ensure closer co-operation. The Chairman also expressed pleasure over the arrangement with the Chinese Government regarding mining rights, which had satisfactorily ended an anxious controversy of many years duration. The net result of the year's transaction showed a balance to the debit of Profit and Loss Account of £1,007.

Corner-Stone Laid for Central Machine Works

The ceremony for the laying of the corner-stone for the projected Central Machine Works in Shanghai was formally held on New Year's Day with Chen Kung-po, Minister of Industry, officiating. Over 50 prominent Government officials and industrial leaders were present, including Liu Wei-chi, Political Vice-Minister of Industry. The projected plant is situated on the northern bank of the Chenpeichiao, near Pohsungchen, south of Chenju, and occupies an area of 130 mow. Such a plant has long been long planned but was not definitely fixed until the establishment of the Ministry of Industry. Then the Central Political Council decided to allot part of the proceeds of the Yellow River Conservancy Loan and the Loan for the promotion of electrical enterprises from the British Boxer Indemnity Refund towards the construction of the plant. The cost is estimated at $3,100,000, of which $2,500,000 (£123,000) will be secured from the British Boxer Indemnity for the purchase of machinery and equipment.

Hunan Province Discontinues Negotiations with Arnhold & Co.

A recent message from Shanghai to the *Osaka Mainichi* stated that the Hunan provincial government had formally informed the Japanese consulate at Changsha of its decision to discontinue negotiations with the Arnhold & Co., a British concern, with regard to the selling of antimony ore in said province. It had previously been announced that the provincial government had granted Arnhold & Co. the exclusive right to monopolize trade in antimony in Hunan province. As a result, the Japanese consulate at Changsha filed a protest with the provincial government, pointing out that such a move would be in violation of the principle of the open door and equal opportunity in China.

General Yu Fei-peng to Remain in the United States One Month

General Yu Fei-peng, Vice-Minister of Communications, who has been making extended tour of Europe, departed from England for New York end of last week. General Yu expects to remain in the United States for four weeks and then start on his return journey to China. While in England General Yu collected a mass of reports covering transport and communications, such as the Clyde shipyards, the London underground system, etc. He said in an interview that he was struck by the efficient system of railway management in England. General Yu, while in England, visited the factory where telephone apparatus for nine Chinese provinces is being made.

Number of Chinese Schools Abroad Is Increased

Despite the fact that overseas Chinese have been economically hard hit by the worldwide depression, more than four hundred new Chinese schools have been established at various places abroad during the past year, according to statistics released by the Overseas Chinese Affairs Commission. Up to the present there are altogether 2,325 Chinese schools in foreign countries as against 1,914 for last year, thus showing an increase of 411.

NATIONAL STATE LOTTERY ADMINISTRATION

LOTTERY NO. 9

DRAWN AT THE CANIDROME, SHANGHAI, 4th JANUARY, 1935

1st PRIZE: (1 of $500,000) **032738**

2nd PRIZE: (2 of $100,000 each) **146108 165615**

3rd PRIZE: (4 of $ 50,000 each) **065294 078584 369659 402131**

4th PRIZE: (10 of $ 10,000 each) **041177 087368 178870 263728 334266**
083608 169861 203258 268972 404134

5th PRIZE: (50 of $ 2,000 each)

005510	068810	124686	161299	186420	237678	291833	337224	389697	411707
015339	076891	126090	163677	189147	249753	300729	352568	392146	438977
019626	090392	141087	163707	192731	251187	311290	374217	392958	461522
025232	094750	146524	164405	202797	275521	331884	375816	404161	486020
028480	095481	147005	169316	216154	287373	334709	389499	404390	499864

6th PRIZE: (100 of $ 500 each)

001461	046297	107056	157669	205029	247119	283966	343881	405559	440164
002073	048080	110098	163377	211488	252257	289698	351331	410016	440321
005655	053182	113073	166336	216056	253709	300153	362382	413448	443417
007321	055212	116129	169520	216968	261325	301210	369547	414447	467927
014744	059143	116803	175284	219956	261495	312265	379466	419551	468800
024829	078945	127998	177393	227213	264383	313596	380381	422406	473758
031777	087371	132066	188416	231055	271737	330332	386531	423401	478792
032718	089612	140222	190488	239306	273682	334123	390072	435724	490154
033838	093961	142891	200089	241770	281170	337005	404335	439444	494845
036959	104007	144315	203130	244463	281393	339156	405342	439735	496342

7th PRIZE: (500 of $ 200 each) **All numbers ending with 258**

(Tickets whose last three figures correspond to a specially drawn number)

8th PRIZE: (4,999 of $ 70 each) **All numbers ending with 38**

(Tickets whose last two figures correspond to the last two figures of the First Prize ticket number)

9th PRIZE: (44,999 of $ 20 each) **All numbers ending with 8**

(Tickets whose last figure corresponds to the last figure of the First Prize ticket number)

SPECIAL PRIZE: 368779

(Donated by the Ministry of Finance)

Holder of prize winning tickets may receive payment on and after Saturday, 12th January, 1935 at the Central Bank of China, Bank of China and Bank of Communications or at any of their branches.

Prizes unclaimed after 30th June, 1935 will be forfeited.

The National State Lottery Administration accepts responsibility for the correctness of the Official Prize Lists only. These Lists are obtainable at the Head Office of the National State Lottery Administration and from the offices of any of the selling agents.

Shanghai, 5th January, 1935.

NEXT DRAWING: 1st MARCH, 1935

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Japan's Public Opinion Toward Manchukuo Revealed Through Reorganization of Administration

BY THE REVIEW'S TOKYO CORRESPONDENT

(Translations from various Japanese publications)

THE question of the reconstruction of Japan's representative organs in Manchukuo was first brought to the attention of the general public on August 5 when Masayuki Tani, Counsellor of the Nippon Embassy in Manchukuo, came up to Tokyo with his private reformation plan, and came to final close on December 26—on which date all the details decided upon by the Government were made public through the *Official Gazette*. The Bureau of Manchurian Affairs commenced business in Tokyo on the following day.

Thus, throughout the latter half of the year, that is, ever since the Okada Cabinet took up the reins of government, the reorganization question continued to arrest the attention of the Nippon public, at one time even threatening to overthrow the Cabinet. The issue, as it gathered stormy clouds, while disclosing various weak points in domestic politics of the country, let the public demonstrate its true sentiment toward Manchukuo. The criticisms are generally theoretical, dealing mostly with the forms of the reorganized system. From among them the scribe has selected those which are by well-known persons and which convey the sentiment of the Nippon public toward Manchukuo and its government. Casual remarks woven into the article may be regarded as a side, theme, but such utterances, made half unconsciously, are often far nearer to the reality of things.

Do Not Lose Confidence in Manchukuo!

Kiroku Hayashi (林毅陸) *Oct., Gaiko Jiho:* The people in Manchukuo seem to have confidence in the friendly attitude and power of the Japanese. We have to use our utmost discretion so that we may retain this confidence of the Manchus and at the same time we must act powerfully in dealing with various affairs. Should we cause their confidence to waver, all our construction efforts would be wasted. It is to this point that both government and people of the country should direct the most prudent attention. The basic state policy has already been decided on. The forms of various administration system and the systems of the Japanese administration organs in Manchukuo are to be regarded of secondary importance.

Since Japan has strong self-confidence, in dealing with Manchukuo she should follow the trunk road in disregard of side-ways and in this magnanimity Japan should act based upon actual state of things. This is how we can retain the confidence of the Manchus.

Lacking Men of Leader's Caliber

Itsumei Sanshi (逸名散史)—*Kaizo, Oct:* The issue of reorganizing Japanese representative organs in Manchukuo originated from the gap between form and reality of Japan-Manchukuo relations. It cannot be denied that the result of administration depends to no small extent upon the system, but at the construction stage it depends more upon the personal element. Seeing that such a big fuss is made on the form of system, we are induced to consider that it is due to the lack of an accomplished statesman who stands at the head of the administration.

Kamekichi Takahashi (高橋龜吉)—*Chuokoron, Oct:* It is three years since the outbreak of the Manchurian incident. The Government has not yet formulated its Manchurian policy, however. We are really surprised at the slowness of doing things and the lack of ability of the government. Young Manchukuo, however, continues making progress in disregard of the negligence on the part of Japan. Its young, energetic officials are eager to complete the portions of the state business assigned to themselves, forgetting the relations which these portions have with the whole organization. Things which ought to be left untouched from the standpoint of the Japan-Manchukuo bloc are quickly nearing completion at the hands of these young officials. This is what the Governments of Japan and Manchukuo are actually doing in Manchukuo. During the period of construction of a state able, decisive and powerful men are required in properly functioning the state's business; whereas the Manchukuo Government is bent on fostering up officials of harmonious, gentlemen type character, and we regret the lack of able leaders. It is a most urgent question that a man of ability who controls Manchukuo and build up the Japan-Manchukuo bloc should be placed in the Manchukuo Government. This is far more important than the reorganization of administration organs.

Kojiro Sugimori (杉森孝次郎)—*Diamond, Oct. 11:* The question of reorganizing the administration system in Manchukuo is no doubt an important problem requiring our careful attention, but a far more imperative one is the question of personal administration. Those who fully realize that the creation and existence of Manchukuo is the first step toward Japan's continental principle and not her continental principle or policy itself. Those who, having the clear recognition of this fact, formulate Japan's policy toward Manchukuo, China America, Britain, Russia and France, should take up important positions in the administration organs.

Peace Maintenance by Military Power Is Unavoidable

Mieno Yamamoto (本山美越乃) *Gaiko Jiho, Oct. 15:* Since we have already recognized Manchukuo as an independent state, we are bound to respect the independence at any cost. Of course in order to live up to the spirit of Japan-Manchukuo co-existence and co-presperity, Japan's attitude toward this particular state may have to be different from that toward other countries, but it must be borne in mind that there is a limit. The inhabitants in Manchukuo consist of various races. They have to depend upon one another, and the only race which is equal to the task of creating such harmony among them is the Japanese, for no other race has knowledge and experience required for national activities in Manchukuo in the directions of politics, economics, industry and state defense..... Under the existing conditions in Manchukuo preservation of peace is most essential. Such a state as Manchukuo which has no systematic means of peace maintenance, requires, during its construction stage, the military power in maintaining peace and order.

Toshiji Handa (半田敏治) *Ishin, Dec:* What kind of organization representing Japan's administration in Manchukuo is the most appropriate? A most extreme case would clearly explain the question. Imagine the Kwantang Government or various organs related to the Foreign Office are withdrawn from Manchuria, it would not mean the downfall of the Manchu Empire or the wholesale drive of Japanese influence from Manchuria. On the other hand, in the event all the Japanese combatants are withdrawn from Manchuria, what would be the result? The existing condition in Manchuria demands that the guiding organ of the political structure in Manchuria be the commander of the Kwantang army. Therefore it is but natural that the commander of the gendarmerie corps holds an additional post of the inspector-general of police.

Yasushi Kuruma (來間恭) *Ishin, Dec.:* Regarding the question of the reorganization of Japan's representative organs in Manchukuo, in some quarters they contend, "From the principle of politics it is a recognized fact that the politics by military men is inferior to that by civil officials, If the present condition in Manchukuo necessitates the military's politics, the unification of the political organs should be made within the territory of Manchukuo and the guiding authority thereof given to the military. The Kwantung area and the S. M. R. zone in Manchukuo have for thirty years enjoyed peace and tranquility, and we cannot understand why these territories should be placed under military reign? In my opinion, however, there is no need of disputing on the merit and demerit of military and civil administration; it is true that recognition of the existing peculiar conditions in Manchukuo is vitally important, and everything ought to be studied from this standpoint. . . . . It is not long since the new state was founded and naturally bandits are still rampant, while there is need of preparing against China and Russia. The first stage of construction of Manchukuo may be said as having come to a close, but the second stage that follows has many enterprises where the Kwantung army's efforts are needed. . . . . Though it may sound strange to the general public, upon minute investigation of the true state of Manchukuo government I find that, unless the Japanese military works as the main motive power of Manchukuo, the functioning of the business of the Manchukuo Government will become slow-motioned, and "frictions" among various organs of the Government will start—the smooth function of the state business being hampered in consequence. A man high in the Manchukuo Government service told me, "At first we also entertained antipathy toward military officers' interference in the politics, but as they have of late begun showing the tendency of concentrating their efforts on the affairs of state defense, giving less attention toward general administration function, the Manchukuo Government is greatly inconvenienced—it is as it were a vessel that has lost its motor."

For the Administration of Manchukuo There Is Manchukuo Government

Tatsukichi Minobe (美濃部達吉)—*Keizai Orai, October:* The fundamental principle of the country toward Manchukuo should

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be that Japan lends assistance to firmer establish herself as an independent state and that Japan is contented with eternally keeping her position as the ally of Manchukuo. To approach Manchukuo with the design of making it a second Chosen or a protectorate of Japan must not be our state policy. Besides, to supply material for such suspicions by other Powers is what we have to carefully avoid. From this point of view it is an extreme case of impropriety to establish in Manchukuo an organ regarded as a residency-general of Japan. . . . . A high military official of the Kwantung army is reported to have stated that the subjugation of bandits in Manchukuo has not yet been completed, that is to say, as the territory is, as it were, under martial law, it is not at all unreasonable that a military commander should assume all authority. It is doubtful that this remark of the officer is based on the viewpoint that Manchukuo is an independent state. For the administration of Manchukuo there is Manchukuo Government. Of course as an ally it may not be at all unreasonable to help sweeping away malcontents from Manchukuo territory and see that peace is setablished, but the fact that peace and order of Manchukuo is still disturbed will not constitute the reason for Japan's creating something like a residency-general and a military commander carrying out the function of the resident-general.

People Are not Enlightened on Manchurian Questions

Editorial of the Keizai Orai, Dec : With regard to the system of Japan's administration organization in Manchukuo, the interest of the Japanese people is directed to the actual state of Manchukuo, and the administration system of the country is not of their concern but merely of the officials who have direct interest in it. It is therefore the actual state of Manchukuo that will perfectly solve the question of the reconstruction of Japan's administration organization in Manchukuo. Strange to say, however, the true conditions in Manchuria are little understood by the people. Strictly speaking, the solution of the Manchurian question can be said as lying in an understanding of the question by the general masses.

Military Is Right

Iwau Onishi (大西齋)—*Keizai Orai, Dec :* It is fortunate that the much complicated issue of the reconstruction issue has reached its final goal as far as forms are concerned, but the question will further develop in future. . . . . It is an unswerving belief of the military that, since Manchukuo was born of the need of binding up in one concrete lot the relation between Japan and Manchukuo from the defensive, political and economic points of view, special rights and interests enjoyed hitherto should be dissolved as soon as possible. We have a lot of criticisms against the military's attitude toward the Manchurian administration issue, but this view of the military circle we believe is right as against the contention of its rivals that Japan's special rights and interests should be further augmented.

Japanese Military Officers Meet at Dairen to Discuss Tangku Truce

Because of suspicions that China intends to disregard the provisions of the Tangku Truce signed in 1932, high officials of the Kwantung Army and military and naval attaches attached to the Peking Legation assembled at Dairen during the week for the purpose of discussing the situation. The conference, was summoned upon orders received from Gen. J. Minami, Commander-in-Chief of the Japanese forces in Manchuria. It was indicated that the conference would insist upon China's close adherence to the terms of the agreement made at the time the truce was signed. Meanwhile, it is reported that Chinese officials are awaiting the outcome of the conference with decided concern. Because the Kwantung Army is concerned with border areas adjoining north China rather than with other governmental departments it is understood that Gen. Minami has been entrusted with the task of finding a solution to the problems presented.

The Orchid, the 'Kaoliang' And Mt. Ch'angpai

(By the Review's Peiping Correspondent)

WHAT have a flowering plant, a staple crop and a famed mountain to do with this correspondence?

An explanation is due. The first, as far as our memory goes, is the national flower of the so-called "Manchutikuo"; the second is as well-known a Manchurian product as the soya bean, thanks largely to its association with the volunteers to China and bandits to Japan; and the third is the legendary cradle of the Manchu dynasty. By a caprice of events they have just become the symbols to mark the close of another chapter in the dark history of Sino-Japanese relations—the postal chapter, I mean.

Japan's demand for the restoration of postal service between China and "Manchukuo," which was first made toward the end of 1933 on the ground of an alleged understanding of the Tangku Armistice, became more insistent by July 1, 1934, when the through railway traffic between Peiping and Mukden was formally resumed. Needless to say, it was hardly in the interests of China to encourage those elements in foreign countries who were in favor of "Manchukuo" recognition by presenting them with anything smacking of a précedent. But after the resolutions of the Advisory Committee of the League Assembly in May this danger was to a large extent obviated. It may be recalled that the Committee ingeniously reconciled the doctrine of non-recognition with the practical question of facilitating the transit of Far Eastern mails through Manchuria.

So the Central Authorities, after deliberating on the scope and technical points of the postal question, signified their readiness to negotiate. Early in September, 1934, they sent to Peiping Messrs. Kao Tsung-wu, assistant chief of the department of Asiatic affairs of the Foreign Ministry, and Yu Hsiang-lin, postal commissioner of Shansi who, together with Messrs. Yin Tung and Li Cheh-yi, of the Peiping Political Readjustment Council, formed the Chinese delegation. On the Japanese side Mr. Tohara, special representative of the Kwantung Army, Major Giga and Colonel Shibayama were the chief negotiators. Negotiations then began, but owing to the delicate issue of "Manchukuo" recognition, difficulties were econuntered at every turn and the conference was deadlocked more than once.

The postal negotiations in Peiping were the subject of a stormy session of the Nanking Central Political Council held on November 17 and prompted Tang Yu-jen's mission to the old capital. There on November 23 a formal conference was held with his attendance in the residence of Li Cheh-yi at Ta Fan Chia Hutung. A highly animated and decisive meeting it proved to be, lasting from early morning till noon of the next day when the draft agreement on the resumption of postal communications was only initialed.

The "Inside" of the Postal Agreement

After the return of Mr. Tang to Nanking, negotiations—chiefly on technical arrangements—devolved on Messrs. Kao Tsung-wu, Yu Hsiang-lin and some other postal experts. These were taken up with the Japanese in the beginning of December and led finally to an agreement signed at noon of December 14 in room No. 315 of l'Hotel de Pekin. This instrument it is which will serve as basis for the resumption of postal service between Manchuria and China Proper. (A summary of the agreement appears elsewhere in this issue of *The Review*).

There is no denying that some ingenuity has been displayed in this final solution of the postal problem. On the surface of facts, China has improved on the Geneva example by adding more safeguards. It should be emphasized that correspondence to Manchuria must not bear the name "Manchukuo," but that the provinces as they existed before the change, such as Liaoning, Kirin and Heilungkiang, must be given in the address.

Then again the portentous difficulty about the stamps, which seemed such a stumbling block at one time, was got over by the introduction of a special series. It was the proposal of the Chinese delegates to adopt the Lama tower at the Jehol Summer Palace as their design. To this the Japanese objected, arguing that since the present "Manchukuo" stamps also bear the picture of a Lama tower—though it is the one at Mukden—it would be unnecessary to replace them with new ones. So the tower design was given up. In its place it was agreed to make three separate designs of the flower of orchid, of 'kaoliang' stalks and of Mt. Ch'angpai. Besides, all stamps should drop the inscription "Manchutikuo," retaining only the word "Post." The so-called Communications Ministry of "Manchukuo" already fixed January 1, 1935, as the date for the issuance of new stamps. These will apply only to correspondence from "Manchukuo" to China Proper, for which the rate of 4 cents will be charged on ordinary letters. Mails from points inside the Wall to Manchuria and Jehol will be treated as domestic matter, with the ordinary Chinese stamps and the existing rates. Despite the difference of 1 cent between the two rates, no postal dues will be collected.

"Third Party Offices"

According to Yu Hsiang-lin, the two transmitting centers will be "third party offices" run as a private enterprise whose expenses will be defrayed from the collection of a 1% commission on all money orders. This was confirmed by Tsao Chien-ting, the postal commissioner at Tientsin, who added that the transmitting centers are similar in nature to the Far Eastern Travel Service which is in charge of the P. M. R. through traffic (We would think they may alike be regarded as little more than a specious myth.), but unlike the Service they will have no Japanese participation. Already a staff of more than 20 postal experts have been dispatched from the Government Postal Administration in Shanghai to serve in them. When formally set up, they will be called Hui Tung Transmitting Office with Huang Tzu-ku, a retired postal officer, as its manager.

On the strength of these known facts, the "Peking and Tientsin Times" is prehaps justified in declaring, in its editorial on January 3, that "If any political point is gained at all, China is the beneficiary, for correspondence from China Proper must not only avoid the use of the name of the new State, but actually bear the name of the provinces as they were before the Mukden Incident, and despite the cutting up of these broad divisions into numerous provinces which has since been decreed. China has made the practical concession and Japan has consented to a political concession . . ."

But the question is whether these known facts are the only facts. Cynicism in regard to news concerning Sino-Japanese relations has almost become a habit with most people, and the strict secrecy with which recent negotiations were guarded was not calculated to inspire confidence. Fear of ulterior arrangements was already expressed by the "Asiatic News Agency" which on January 1 reported that "local diplomatic circles believe that besides the agreement for the resumption of through postal service . . . there are probably other diplomatic understandings reached . . . It is understood that the Japanese are taking advantage of the anxiety of the Chinese authorities to liquidate all miscellaneous issues in the demilitarized zone —by bringing strong pressure to force the Chinese to negotiate some of the diplomatic issues, which the latter are reluctant to take up in view of their vital significance and international repercussions. The frequency of the visits of prominent and responsible officials of Nanking to the North recently and the strict reticence maintained have given much color to the rumors afloat from time to time".

Just as your correspondent is closing this dispatch, reports of the China Policy Conference now being held by the Kwantung Army Staff in Dairen stream in. Is the Conference a celebation of gains already pocketed, or does it portend a move for more? The answer must be reserved for a later correspondence.

January 5, 1935.

Siberian Mail Restored as Result of Agreement with Japanese Army H.Q.

The following agreement has been entered into between the Chinese authorities in North China and the Japanese Kwantung Army Headquarters in connection with the resumption of postal communication with the Northeastern Provinces.

Art. 1.—Following the restoration of postal communication between China Proper inside the Great Wall and the Northeastern Provinces, the handling of mail matter shall be entrusted to an agency to be jointly organized by the Chinese and Japanese postal authorities. This agency shall establish mail transmitting offices at Shanhaikwan and Kupeikow, respectively, to undertake the work.

Art. 2.—Postage stamps and covers of mail matter shall not bear the mark of "Manchukuo."

Art. 3.—In marking dates and years on stamps and covers of mails, the Western calendar shall be adopted.

Art. 4.—The charges for mail matter shall be collected according to existing postal regulations of the respective parties concerned.

Art. 5.—In regard to stamps, the Japanese side shall issue a special kind of stamps for the purpose and the use of any other kind shall not be permitted.

Art. 6.—Restoration of ordinary mails shall start from January 10, while postal money orders and parcel post shall be accepted from February 1.

Art. 7.—Mails to Europe and America *via* Siberia shall be restored.

Art. 8.—This agreement shall not be changed or altered without the concurrence of both the parties concerned.

Postage for all mails destined to the Four North-Eastern Provinces will remain the same as before supension of the service and will be exactly the same as the postage for the rest of China's provinces and municipalities.

Mails destined to Europe *via* Siberia will also be handled in the same way as before suspension of the service.

In the negotiations, the Kwantung Army was represented by Messrs. Hujihara, Sibayama, and Giba, while the D. G. of Posts was represented by Messrs. Kao, Yu, Yin and Li.

New Italian Air Attache Arrives in China

The newly-appointed Italian Air Attache to the Embassy, Capt. Eurio Drago arrived in Shanghai this week to assume his new post in succession to Col. Ettore Lodi. Capt. Drago already has been to this country, having been sent by his Government to study aeronautical conditions here. He returned to Italy with Gen. P. T. Mow and the Chinese Air Mission to Europe.

The arrival of the new Italian air attache coincides with a special dispatch from London in the *N.C.D. News* dated Jan. 8 headed "British Failure in China Air Mart—Americans Retiring before Italian Advance." The article quoted from the aviation correspondent of the London *Daily Telegraph* as follows:

"The Americans gained the lead by offering direct dealings between the factory and the buyer and cutting out agents' commissions. The Italians then sent a special mission to China and obtained charge of China's advanced advanced military aviation by securing substantial orders for aircraft."

Soviets Open New Air Line—Vladivostok to Moscow in Three Days

The longest regular air route in the world was opened to traffic Jan. 3, when a Soviet plane took off from Vladivostok air-field en route for Moscow. The plane is carrying only mails but the Soviet authorities are planning to establish a regular passenger service in the near future. When preparations are completed for night flying, the report adds, the planes will cover the entire distance in three days. With the flight from Moscow to Berlin now occupying only a day, the newly-opened line will be the fastest route between Asia and Europe.

Famous British Aviator to Visit North China

Lord Sempill, one of Britain's foremost aviators, is shortly to visit Tientsin and Peiping in the course of an aerial tour of the Far East. He has received the permission of the Chinese Government to fly over Chinese territory. From China he will proceed to Korea and Japan and, after a rest there, will make the return flight to China and Singapore and thence to England. He is flying a De Havilland Puss Moth.

Chinese Officers Receive Training in British Air Force

In the British Service Notices last month it was announced that Lieutenant Li Shou-chen, of the Chinese Air Service, will continue his attachment to No. 16 (Army Co-operation) Squadron until January 27, 1935, His colleague, Lieutenant S. K. Lee, hitherto attached to No. 9 (Bomber) Squadron, is proceeding to the R.A.F. station at Abingdon until January 27, 1935,

America Orders 84 Bombing Planes

Eight-four bombing planes to cost a total of U. S. $2,000,000 have been ordered by the U. S. War Department from the Chance-Vought Corporation, a subsidiary of the United Aircraft Corporation, it was announced in Hartford, Conn. Jan. 5.

C.N.A.C. "Good-will" Flight Cut Short by Fog

The China National Aviation Corporation's "Good-will" flight originally planned for last week as a four-days tour to Canton with lengthy stops at Foochow and Swatow and shorter ones at Wenchow and Amoy, was cut short 50 miles north of Foochow when it met with an almost impenetrable bank of fog. Rather than risk the lives of passengers, cause them inconvenience, or damage the plane, C. S. Vaughan, the pilot, turned back when he received a direct radio communication advising him that "fog obscured the Foochow mountains." Dai En-ki, managing director of C.N.A.C., who was host on the trip, and H. M. Bixby, C.N.A.C. director, concurred in Mr. Vaughan's judgment that it was wisest not only to return to Wenchow but to fly back at once to Shanghai.

Hongkong Shipping Strike Ends in Victory for China Coast Officers Guilds

The strike called at midnight on December 29 by the China Coast Officers Guild and the Marine Engineers Guild of China in a fight against so-called starvation wages, ended at Hongkong Jan. 7 in a victory for the Guilds. An agreement was signed by officials of the guilds and owners entailing arbitration of the rate scale for officers of all ranks. All of the ships tied up by the strike were released immediately after the pact had been signed. The Guilds at first had threatened to call a strike affecting 13 river steamers and 40 British officers, but, as the result of the dismissal of four senior British officers of the steamer *Yue Ton*, 600 European officers aboard river and coastal boats were called out.

French Minister Protests on Behalf of I.S.S.

M. Wilden, French minister to China, has lodged a protest with the Ministry of Foreign Affairs against the stipulation in a new Chinese law governing savings banks which prohibits prize givings. The International Savings Society, it is alleged, has violated the new banking law by offering high lottery premiums.

"Everyone remarks, 'What a *pretty* baby'"
"WHAT they really mean is *healthy* baby. All babies are attractive but a healthy, robust child like ours always invites admiration. Most women—even mothers—don't realize that careful feeding is what gives Baby that happy, carefree expression.
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Quaker Oats

71-263

Progress of Communications in China

BY DR. CHU CHIA-HUA*
Minister of Communications

REALIZING the vital importance of reconstruction to the unification of this country and to the renewal of national strength, the Chinese Government has, during the last few years, made every effort to start and push forward constructive enterprises of all kinds and descriptions. But it is in the field of communications that rapid progress has been manifest and it is in radio and telegraph, in navigation and aviation, in posts and postal remittances and savings that special contributions have been made to the building up of a modern China.

The following is a brief survey of the development of the above-mentioned services which are under the control of the Ministry of Communications.

Domestic Radio Service

During the last year, fourteen radio sets ranging from 5 watts to 500 watts, were installed in the following different places, namely, Lanchow, Sian, Conting, Kantsi, Paan, Tako, Lasia, Kanchowki, Yanchung, Hanchwan, Chienli, Nanchen and Yenchang. There are four sets which will soon be installed respectively in Pailinmiao, Yulinshe, Tienshui, and Erlitsiho. The four radio stations installed in Shasi, Loyang, Weihaiwei and Wuhu have been already removed to Ningsia, Wanchuan, Kweisui and Kiukiang respectively. The radio stations in Paochen, Anking, Hangchow and Ningpo have been cancelled.

There are altogether ten stations established and twenty one sets installed. There are now 18 sets at Shanghai the highest output power of which is two kilowatts (2 KW) with automatic transmitting s well as receiving system.

Radio Stations for International Service

After the installation of the three high power transmitters were completed in the year 1930, three radio circuits have been opened and operated successfully, namely, the Shanghai-San Francisco circuit, Shanghai-Berlin circuit and Shanghai-Paris circuit. This means a great deal to China as the international communication service was formerly controlled exclusively by foreign cable companies.

For the sake of meeting traffic demands, two traffic agreements —one between China and Switzerland and one between China and the Soviet Republic—have been concluded and by utilizing the same sets mentioned above the Shanghai-Geneva circuit was opened on January 5th, 1932 and the Shanghai-Moscow circuit opened on March 10th, 1933.

Besides, a traffic agreement between Mackay Radio Corporation has been concluded with a view to avoiding the monopoly of the China-America traffic by the RCA. As a result, an additional circuit between Shanghai and San Francisco has been in operation since May 19th, 1933. For the improvement of radio service in China, two more sets of 20 KW Marconi Radio telegraph and telephony transmitters with necessary equipments have been installed and at the same time a traffic agreement between China and Great Britain was conclued and the Shanghai-London direct circuit was inaugurated on February 3rd, 1934. The Shanghai-Tokyo circuit for radio communication was opened on June 1934.

The Ministry planned to improve the system by repairing the existing main lines, by sending men to follow the military forces in Kiangsi and in Fukien to restore the telegraph services, and by replacing with new materials the branch lines which are entirely out of order.

Telegraph Apparatus

In order to make improvement of telegraph enterprise, the high speed instruments such as Creed High Speed Automatic Apparatus and Teleprinters have been installed on the very important circuits during this year.

The Morse instruments are gradually taken out of service due to high first cost and great expenditure of maintenance.

Secondary batteries have been installed in the important offices. A complete set of 250 A.H. secondary battery has been installed in each of the following stations: Hankow, Tientsin, Chefoo, Peiping, Shanghai and Nanking.

Local Telephone

In May 1932 the Loyang 300-line magneto exchange was formally opened; and in April of 1933 the conversion of Shanghai 4,500 line to automatic system was completed. Besides these, the latest developments are the establishment of new exchanges in Nanchang and other places, and the change of telephone system and extension of telephone equipments in existing exchanges.

Long Distance Telephone

Within the last two years, a great many lines of copper wire have been built. As to the Nine Province Toll Line Scheme, the preliminary work in making specifications and purchasing materials has already been completed and consuruction will be started very soon.

*Condensed from a report written for the *Chekiai Agency*.

The China Merchants Steam Navigation Co., Ltd.

The China Merchants Steam Navigation Company, Limited, has a history of over sixty years. But during the past twenty years the Company met with constant financial difficulties. Debts were piling up; properties were heavily mortgaged. Up to December of the 21st year of the Republic debts amounted to over $24,000,000. In November of the same year the Central Government converted it into a government enterprise. The improvements made by the Company under the supervision of the Ministry of Communications are the building of four coasting steamers, the opening of a new branch of the Company at Haichow, the eastern terminus of the Lunghai Railway, repairs to wharfs and godowns, the adoption of actual operation cost system, the abolition of the compradore system and of the 5% commission to the branch managers for soliciting freight for the Company.

During the past two years China felt the greatest effect of the world wide depression. But the business of the Company is growing.

Reorganization of the Marine and Navigation Bureau

In the 20th year of the Republic the Marine and Navigation Bureaus of Shanghai, Hankow, and Tientsin had under them an aggregate of 30 sub-offices and 70 registering offices. The annual expenditure amounts to over $1,130,000.

In the 31st year of the Republic the sub-offices were abolished and the registering offices were reduced to fifty and the total annual expenditure slashed to $590,000.

The 22nd year of the Republic saw a great change in the administration. Under the three Bureaus at Shanghai, Hankow, and Tientsin, 13 marine stations were established, namely, Ningpo, Chinkiang, Wuhu, Wenchow, Haichow. Kiukiang, Changsha, Ichang, Chungking, Tsingtao, Chefoo, Weihaiwei, and Chinhuangtao. As the Bureau at Canton was not yet organized, owing to special circumstances, marine stations at Amoy and Foochow were established under the direct control of the Ministry to supervise the shipping and navigation of Fukien province.

To facilitate the administration and, as required by the Code of Maritime Law and Law for the Registry of Ships, 40 ports of registry were designated. Later, as necessitated by local conditions, another 12 sub-stations at port of registry were added to the list, namely, Nanking, Nantung, Haiman, Anking, Haikou, Yaochou, Shasi, Wanhsien, Luan Ho Kou, Lung Kou, Chuan Chou, San Tu Ao. They are now supervised by the staff of Bureau or marine station in their respective places.

Financially, strict economy has been practised. As a result, the aggregate annual expenditure of all the Bureaus and stations was only $383,400, which was $750,000 less than the 20th year and $250,000 less than that of the 31st year.

After the reorganization of the administration was effected, work of the Bureaus and stations has been put under strict supervision; members of the staff become conscious of the true meaning and real purpose of their work, which is being done according to regulations for the promotion of public welfare. Consequently, the merchants also realize that the work of the government is for their welfare and protection and they become more and more submissive. In order to lighten the burden of the shipping merchants, the fee for license plate was abolished this year and other fees have been cut down. Accounts of all the former sub-offices and registering offices are being audited. This has a great effect in gaining the confidence of the shipping merchants.

The Eurasia Aviation Corporation

The Eurasia Aviation Corporation was formed in January 1931, two years after the advent of the Chinese National Aviation Corporation, with the aim of establishing direct air communication between the Far East and Europe. This made a new epoch in the progress of commercial aviation in China. The Chinese National Aviation Corporation was established for the purpose of operating the domestic airlines, while the purpose of Eurasia is to start an air line international in character.

The Company was organized jointly by the Ministry of Communications of the Chinese Government and the German Lufthansa Corporation. It is granted by the Chinese Government the rights of operating regular commercial flights between the Capitals of China and Germany, either via Siberia or Central Asia.

Air Routes

The Eurasia Aviation Corporation is chartered and granted the exclusive rights to carry air-mail, passengers, and freight by the Chinese Government on the following air lines:

Route I. From Shanghai to Berlin, via Nanking, Tientsin, Peiping, Manchuli, and Asia Russia to Europe.

Route II. From Shanghai to Berlin, via Nanking, Tientsin, Peiping, Urga and Asia Russia to Europe.

Route III. From Shanghai to Berlin, via Nanking and the provinces of Kansu and Sinkiang, Asia Russia to Europe.

As the first line named above is less expensive in operating, and covers a more densely populated territory, the Company decided to make a start with that line. After several preparatory trial flights, a regular service on the Shanghai-Nanking-Tsinanfu-Peiping-Linsi-Manchuli line was inaugurated in May 1931. As a result of this, with two round trips per week, the time required for a letter from Shanghai to Berlin was reduced from 12 days to 6 days. But

the Japanese invasion in September of 1931 made it impossible for the Eurasia to continue to operate this line.

The Company was therefore obliged to establish a new line in order to realize its aim of establishing rapid and safe air communication with Europe. Its staff was once more engaged in aerial survey and trial flights. But it was not till April of the next year that the Company succeeded in establishing a regular service between Shanghai and Lanchow; and only after fully another year had been devoted to necessary preparations was the line extended to Tihua (Urumtchi), the Provincial Capital of Sinkiang, which is 3,535 kilometres from Shanghai and covers almost the full length of this country. Unfortunately, however, in November 1933 political developments in Sinkiang raised a new obstacle. So the Eurasia was obliged for the time being to stop its service at Lanchow, However, the schedule service between Shanghai and Lanchow, one round trip weekly, has since been carried out with 100% regularity. The section of the line beyond Lanchow has to wait for the improvement of the situation in Sinkiang.

The China National Aviation Corporation

The China National Aviation Corporation commenced business on July 8, 1929; on October 20th of that year, the first Loening amphibian took off from Lunghwa airport (Shanghai), and the route to Hankow, a distance of 516 miles, was opened on April 1, 1931, the Shanghai-Hankow Line was extended to Ichang, at the foot of the world-famed gorges of the Yangtze, and on October 31st of the same year, the line was further extended to distant Chungking, 1,600 miles by boat from Shanghai, thus covering almost the full length of the great Yangtsze River.

The commercial conquest of western China by air completed, the China National Aviation Corporation turned its attention to the north and on January 10, 1933, the Shanghai-Peiping Line was inaugurated, with stops at Haichow, Tsingtao and Tientsin. The Company was encouraged to start this line by the Ministry of Communications, which provided the funds necessary to protect the Company from loss during the pioneering period of the first year. Later in 1933, on October 24, the Shanghai-Canton line to the south was established, with stops at the important ports of Wenchow, Foochow, Amoy and Swatow. This line, just short of 1,000 miles in length, serves the entire coast from the Yangtsze Delta to the Pearl River, covering a territory with a population of over 100 million people.

It was again through the encouragement of the Ministry of Communications that on November 11, 1933, the Chungking-Chengtu line (in Szechuan Province) was inaugurated, thereby making Chengtu, the capital of the most western and one of the richest provinces in China, within easy access of Shanghai.

The latest projects for the development of the Service are the establishment, as an experiment, of motor bus service to be owned by the Post Office itself for the expeditious transmission of mails and transport of passengers, the scheme for subscription to periodicals and purchase of books through the Post Office, the housing in the same building of Post and Telegraph Offices, the plan for the establishment of a direct exchange for the sale of postage stamps with Union postal countries for philatelic purposes.

The Postal Remittances and Savings Bank

During the 23 years of the Republic of China there has been marked development in the postal remittances and savings facilities available to the public. In 1910 the only remittance service operating through the Post Office was that of ordinary domestic money orders and during that year the total money orders issued amounted to $5,280,000, the service functioning between 596 offices. To-day, in spite of no business being done in the Three Eastern Provinces and Jehol, there are 7,977 postal establishments handling remittances, and the total issued during the last fiscal year (ended the 30th June 1934) amounted to $171,000,000, the maximum being for the 20th fiscal year, which included figures for the Three Eastern Provinces and Jehol, when a total of $186,000,000 was issued.

The remittance services now comprise ordinary domestic money orders, telegraph money orders, postal orders, C.O.D. parcels and C.O.D. registered articles, and, in addition, international services—of which the figures are not included in the above totals—covering money orders and C.O.D. parcels and registered articles, involving the handling of 12 foreign currencies and providing remittance facilities between the Postal Administration of this country and all countries in the Postal Union. As regards postal savings, although the introduction of these facilities was considered as early as 1907, it was not until 1919—eight years after the inauguration of the Republic—that the Post Office Savings Bank was actually opened. To-day savings deposits are accepted at over 600 post offices and the total outstanding as due to depositors on the 30th September last amounted to over $32,000,000. The policy regarding savings has been one of cautious development, the appeal to the public being "security" rather than the offering of a high rate of interest.

The most notable progress has, been made in savings deposits. In March 1930, the total deposits outstanding amounted to about $12,000,000, while by the end of its first year this figure had been increased to $25,000,000 and by the end of the second year to $27,000,000: at the end of the third year deposits outstanding dropped to $25,400,000, but again increased during the fourth year, at the end of which they stood at over $33,000,000.

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Hu Han-Min's Three Proposals

BY PAUL K. WHANG (汪芳仲)

THE hope of national peace and unification has been once again running high among the populace. During the past few weeks, reports from all sides indicate that the prospect of rapprochement between Nanking and Canton seems to be brighter than ever as a result of joint mission of Dr. Wang Chung-hui and Sun Fo to the South. The Southwestern leaders, on the other hand, have also assumed a more conciliatory attitude toward Nanking's friendly gestures. For instance, an important resolution to "support and obey the Central Government" was submitted jointly by Generals Chen Chi-tang and Li Chung-jen, "strong men" of Kwangtung and Kwangsi respectively, and was unanimously adopted at a meeting of the Southwest Political Council on Dec. 17. That resolution further reminded all members of the committee to exercise caution and care in making public statements and prohibited them from expressing freely their personal views regarding the situation, for fear that they might prove prejudicial to the cause of unity in the country.

The recent visit to Nanking of Ou Fang-pu, finance commissioner of the Kwangtung Provincial Government, has added another link to the chain of national unification. That the Kwangtung finance commissioner should bother himself to take a long trip to Nanking for the purpose of discussing financial matters with Nanking officials bespeaks that the Kwangtung Provincial Government no longer assumes an independent attitude, as it had hitherto done. Besides consulting Nanking officials on financial matters, Mr. Ou was said to have delivered a personal letter from Gen. Chen Chi-tang to Wang Ching-wei, president of the Executive Yuan, in which the General voiced his support for the statement jointly issued by Mr. Wang and Gen. Chiang Kai-shek and also pledged his determination to devote himself to the communist-suppression compaign.

Attention Focused on Hu Han-min

In the meantime, the attention of the whole country has been focused on Hu Han-min, whose attitude is said to have a great bearing upon the present situation. Various encouraging reports have been current alleging that Mr. Hu was ready to come North and to meet leaders of the Central Government, and that a peace conference would be soon held in Shanghai. Mr. Sun, upon his return from the South, has repeatedly assured us of the forthcoming visit of Mr. Hu. While Dr. Wang has admitted that Mr. Hu submitted to the Central Government three definite conditions for his rejoining the Nanking regime, he, however, has declared that these conditions should be acceptable to the Central Government and that there would be no difficulty now in the way of Mr. Hu's rejoining Nanking to share government responsibilities in coping with the present national emergency.

But according to Mr. Hu's own personal statement appeared in the *Canton Daily Sun* on Dec. 20, he stated definitely, "The things the Nanking Government is required to put into effect before anything is done are three in number. They are: (1) to give the people full liberty of expression, calling of meetings and publication; (2) to remove troops to Szechuen to suppress bandits and not to bring pressure on the Southwest, and (3) to stop treating the comrades in the Southwest as enemies and to dissolve the murdering organizations." He demanded that there must be some facts to prove that these three proposals would be put into effect before collaboration was possible. Hu concluded, "I can be dictated or influenced by no person. I am always actuated by conscience and principle. I may proceed to Nanking, if such action is justified."

Form his personal statement, we can see that Mr. Hu is not yet ready to come to Nanking as the current reports would make us believe. Whether these proposals will be totally accpeted by the Central Government, we are not in a position to say; but suffice it to say that if these are all what he has demanded, Mr. Hu appears to us as being more conciliatory than before, because he does not insist upon the resignation of any particular Nanking leader as a *sina qua non* to his rejoining the Nanking Government. It is a happy sign that he at long last has sunk his personal prejudices and has assumed a more or less "friendly attitude toward his former comrades". When both sides can sink their personal prejudices, there is really no reason why they can not patch up their political differences.

True, Mr. Hu's three proposals are far from being personal, but neither can they be said to be important national issues, the acceptance and carrying-out of which would benefit the country. The freedom of speech, press and association is an old harp, on which the political enemies of the Central Government have frequently played. But at this time of national crisis, the people, as a whole, have no longer placed as much more importance upon the personal freedom as upon the national welfare, because they are fully aware of the fact that the obtaining of personal freedom will not do them any good, if their country is dominated by a foreign foe. In the past, they have been frequently promised personal rights and freedom, but so far they have not yet enjoyed any. As a result, they have not any more interest in such empty talk. They are more anxious to see their country unified than to have their personal freedom upheld by any one who happens to be the stumbling block on the way to this unification.

When Mr. Hu was the president of the Legislative Yuan of the Nanking Government four years ago and was in a position to initiate any measure to uphold this personal freedom, we can not recall that he had at any time done anything on behalf of the people in this connection. Moreover, we have reasons to ask if the people can enjoy full freedom at the present time in the Southwestern provinces where Mr. Hu is reputed to be the dominant political leader. It strikes us as being really incomprehensible that he should advocate something which has not yet been put into effect in his own provinces. Thus putting everything together, we can not help believing that his first proposal is nothing but a measure designed to win back the public support. If this is his motive, he will be sadly disappointed because such empty talks can not win the public sympathy at the time when the people demand the unification of the country at any price. It is pertinent to remind him that full freedom can not be enjoyed by the people if he, as many others, believes in the dictatorship of one-party-rule.

The Bug Under the Chip

Mr. Hu's second proposal—to remove troops to Szechuen to suppress bandits and not to bring pressure on the Southwest—has incidentally revealed the bug under the chip of the present political conditions. That the Central Government has concentrated its forces in Kiangsi and Fukien has, of course, an objective other than the suppression of Red-bandits. This heavy concentration of government troops, it must be said, is mainly responsible for the abrupt change of the irreconcilable attitude hitherto assumed by the Southwestern leaders, including Mr. Hu himself. That the government forces have been prepared for a major civil war has been fully known to the Southwestern military leaders. In face of the realities of the situation, they have either to fight or to surrender. The realization of their military weakness has possibly made them take the latter course at the present time.

It is highly doubtful that the Central Government will remove its troops from Kiangsi and Fukien before the Southwestern leaders can produce some facts to prove their sincerity in their professions of peace and unification. The Nanking leaders, on the other hand, have also entertained apprehension over the possible invasion launched by the Southwestern forces into Kiangsi and Fukien, and can not look upon the rapid military preparations made by the Southwestern military leaders with ease and equanimity. So long as leaders of both factions have entertained mutual fear and suspicion, no real unity of the country can be successfully achieved.

Mr. Hu's third proposal contains a grave charge which must be immediately answered by the Nanking Government. For years, the Nanking Government has been frequently charged with the fact that secret assassination organizations have been formed to put its political enemies "on the spot". We have been also told that many political and business leaders have been assassinated by the agents of these notorious organizations. Assassination, needless to say, is a most dastardly method—rightly condemned by all the fair-minded people. It is the meanest practice, only resorted to by such an ambitious man as Yuan Shu-kai in his futile attempt to dispose of his political opponents during his regime as the president of the Chinese Republic. We, however, doubt very much that the Nanking leaders would stoop so low as to follow this practice to dispose of their political enemies.

At this time of national crisis, it is necessary to unify the country first and talk over principles and policies afterwards. Mr. Hu may have good principles and policies, but he can not carry them out unless he first rejoins the Central Government. It does not appeal to us as a move of wisdom that he should insist upon the acceptance of his three proposals as a necessary condition to his return to Nanking. It is hoped that with the lapse of time Mr. Hu will become even more conciliatory and will shake hands with his former comrades without any conditions.

Shanghai, Jan. 7, 1935.

Who's Who in China

Ma Lin-fu, Government official; born at Hoyang, Shensi, 1884; was sent to Japan to study on a Government scholarship and graduated from the Meiji University; participated in the 1911 Revolution and represented Shensi at the Provincial Delegates' Congress at Nanking to draft the provisional constitution; upon establishment of the Republic, he founded the Northwestern University; when the Chin Kuo Chun (National Pacification Army) was organized under the command of Yu Yu-jen to campaign against Yuan Shih-kai, he served in the Army in various responsible positions and was concurrently director of civil affairs of the Army Headquarters; elected president of the Shensi Provincial Assembly, 1921; Commissioner of Education of Shensi, 1924; superintendent of the Tungkwan Customs, 1926; during the Northern Punitive Expedition of the Nationalist Revelutionary Army in 1927, he was appointed by Gen. Liu Chen-hua chief counsellor to his Army; he served in the same capacity, when General Liu later became Commander-in-Chief of the 11th Route Revolutionary Army and Bandit-suppression Commissioner for the border regions of Shensi, Honan and Shansi; appointed member of the National Economic Council, 1931; now, member of the Anhwei Provincial Government and concurrently Commissioner of Civil Affairs and for a time acting Chairman of Anhwei; author of several books on economics and industrial policy; address: Department of Civil Affairs, Anhwei Provincial Government, Anking, Anhwei.

馬凌甫
Ma Lin-fu

馬凌甫，現年五十歲，陝西省郃陽縣人，前清光緒年間由陝西保送留學日本，畢業於明治大學，辛亥起義，充陝西代表在南京組織各省代表團議約法定政制，民國成立，以陝西交通梗塞，文化落後，倡辦西北大學，其所造就者，散布各界，爲數甚多，民六靖國軍興，曾任軍界要職幷兼民政處長，民十被舉爲陝西第三屆省議會議長，民十三任陝西教育長，注重職業教育，民十五任潼關常關稅務監督，剔除積弊，增收國課，民十六國軍北伐奉劉總指揮鎭華之命任全軍總參議，迨劉公任第十一路總指揮及豫陝晉邊區綏靖督辦，均任是職，民二十中央政府簡任爲全國經濟委員會委員，此次安徽省政府改組，中央特簡爲安徽省政府委員兼民政廳長，嗣以安徽主席劉雪公兼奉清勦豫鄂皖邊區赤匪之命，遂代理安徽生席，著有國民經濟學原論及工業政策等書。

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Men and Events

Gen. Liu Wen-tao, China's first Ambassador to Italy, arrived in Rome Jan. 6 and assumed the duties of his office the following day.

Vincenzo Lojacano, the recently appointed Italian Ambassador to China, arrived in Shanghai Jan. 7, accompanied by his wife and three children.

Dr. Max A. Joffe, owner of the Sine Pharmacy, accompanied by his wife and daughter, returned this week from a business and pleasure trip to the United States.

Statistics compiled by the Ministry of Interior at Nanking show that 4,986 aliens have become naturalized as Chinese citizens during the period of six years from 1928 to 1933 inclusive.

Dimitri Bogomoloff, Soviet ambassador to China, who left several months ago with Mrs. Bogomoloff for Moscow, will probably not return to China this month, as originally announced.

The Ministry of Communications has accepted the resignation of Hsu Chien-ting as President of the Woosung College of Mercantile Navigation. Wu Ta-ming has been appointed his successor.

R. H. Gregory, director of the British Cigarettee Co. in Shanghai, has returned from a trip to the United States. Mrs. Gregory is remaining in the U. S., where their daughter is going to school.

Miss Sophie Blackmore visited Singapore last week after an absence of many years. She first came out from the United States to Singapore in 1887, when she opened the first school for Tamil girls in the Colony.

Dr. Rajchmann, the head of the health section of the League of Nations, visited Mascow this week to discuss with the People's Commissar of Health various questions relating to the work of the health section of the League.

The Pacific Banking Corporation, incorporated in Connecticut, U. S. A., held its official opening Jan. 4. It has an authorized capitalization of $2,500,000. Its offices are located at 210 Szechuen Road, Shanghai.

Miss Adelaide Young of San Francisco is due to arrive here shortly to be married to Paul Semion, of the staff of Haskins & Sells, Shanghai. A bridge tea was given for Miss Young in the Hotel St. Frances in San Francisco, Dec. 8.

E. Briand-Clausen, Danish agricultural expert from the League of Nations, has completed a year of rural cooperative work in Kiangsi and will return to Geneva shortly, according to information from the National Economic Council.

Dr. Sherwood Eddy passed through Shanghai in the Dollar liner *President Jackson* beginning of this week after an extended tour of Kwangsi and Kwangtung provinces. He was given a farewell dinner by the Executive Committee of the Chinese Y. M. C. A. in Shanghai. Dr. Eddy is returning to the United States.

J. B. Powell, editor of the *China Weekly Review*, was scheduled to give a talk describing his recent trip to Soviet Russia, at a meeting of the Pan-Pacific Association at a tiffin on January 11, in the main dining room of the Park Hotel.

The Peiping Chinese Chamber of Commerce reports that business generally was slower last year in that city, especially in the fur and silk trades and in banking, but the business done in herbal medicines, rice and grains showed decided improvement.

The Plaza Hotel at Shanghai has been placed under distraint by order of the First District Court, together with other properties of S. H. Loh, a director of the National Industrial Bank, Nanking Road, which suddenly closed on October 11 last year.

Sergeant Kenneth Itaymond Land, of Bubbling Well Police station, in Shanghai, was found lying dead in his quarters at the station Jan. 8 with wounds in the head. Beside him was a 12-bore double barrelled sporting gun believed to have been used at short range.

A bomb was thrown through the back door of the residence of Wang Yoa-sung at 18 Temple Lane, Shanghai, early during the night of January 5. The windows of the house were shattered. No one was hurt. Mr. Wang is general manager of the Woo Sing flour mill.

Charles F. Chase, Far Eastern correspondent for the *New York Evening Post* and *Philadelphia Record*, who has been in Japan for some time, is planning to visit China shortly. Mr. Chase also is vice-president of the American Feature Writers Syndicate of New York.

The inquest of the late Reginald Pickford, who was found shot in a room of the Park Hotel on December 27, was brought to a close in the British Police Court in Shanghai Jan. 5. when the Coroner, I. T. Morris, held that the deceased committed suicide whilst temporarily insane.

Domenico Bartoli, correspondent for *Del Corriere Della Sera*, leading Italian newspaper has arrived in Shanghai where he will remain in future as the representative of his paper. Mr. Bartoli is residing at the Cathay Mansions.

Judge Milton J. Helmick has been announced as the principal speaker at the next monthly tiffin of the American University Club to be held on January 23. Dr. John C. H. Wu of the Legislative Yuan is to preside.

The death at the hands of the Mahdi 50 years ago of General Charles George Gordon, the hero of Khartum, but better known as "Chinese" Gordon, was commemorated Jan. 1 with a special issue of postage stamps by the Sudan Government. The issue will be withdrawn on March 31.

Roderick S. K. Irvin, managing director of the Nippon Corn Products Company, Ltd., Osaka, who has been visiting in Shanghai for several days, returned to Japan this week. The Nippon Corn Products Company is an American-owned concern with extensive mills for the manufacture of starch and other corn products, located in Korea.

Mr. and Mrs. Harold McMillan Bixby of the China National Aviation Corporation were hosts at a reception and cocktail party at the Cathay Hotel on Tuesday evening of this week. A large number of foreign and Chinese guests were present. Mr. and Mrs. Bixby, prior to coming to China, were well known residents of St. Louis, Mo.

Strong opposition has been aroused at Wuhu by the methods of a Japanese company to acquire land on the foreshore along the Yangtsze River, ostensibly for the construction of a wharf. Protests have been despatched to the Central authorities regarding the nature of the negotiations that are in progress.

The Rev. T. C. Wu, general secretary of the Chinese Mission to Lepers, returned to Shanghai June 5 in the *President Taft*, after completing a five-months study of the treatment of leprosy in Japan, America, and Honolulu. He is fully convinced that ethyl ester of Chaulmoogra oil remains the standard treatment for the disease.

Mei Lan-fang, prominent Chinese actor, was the guest of honor at a dinner given by Mr. and Mrs. C. P. Ling at their home Jan. 5. Dr. Mei will shortly leave for another tour of Europe and America. M. Kulyabko, acting president of the VOKS, has sent Dr. Mei an inviation to domonstrate Chinese dramatic art in Russia next spring.

Dr. Chang Nai-yen, Chinese Minister to Belgium, and Dr. Shen Yi, Commissioner of Public Works of the City Government of Shanghai Municipality, arrived back in Shanghai from Europe Jan. 7. Dr. Chang has come back on furlough, while Dr. Shen returned from a trip of investigation abroad. He went to Germany last autumn to attend the International Road Congress and later visited various European countries.

Stirling Fessenden, Secretary General to the Shanghai Municipal Council, returned to Shanghai Jan. 7 after a five-months' absence in the United States and Europe. He was met when he stepped off the Italian liner *Conte Rosso* by his law partner, C. P. Holcomb, and J. R. Jones, Secretary to the Shanghai Municipal Council. Mr. Fessenden spent most of his time with his mother in the state of Maine.

Dr. H. H. Kung is expected to depart from Shanghai for Hongkong some time before the end of this month, to meet and discuss affairs with Hu Han-min. Later he will proceed to Canton, where he will meet General Chen Chi-tang and other South-western leaders. In the meanwhile it is reported that Ho Chi-kung, secretary-general of the Peiping Political Readjustment Council, has arrived in Hongkong and is already in touch with Hu Han-min on behalf of Dr. Kung.

In connection with the closing, on December 12 last, of the Wing On Finance Corporation, Shanghai, Messrs. Teng Ching-kuen, Yeh Han-cheng, and Tsien Yo-chu, all directors of the corporation, were accused of frauds in a private criminal prosecution brought in the First District Court by the general manager of the Teh Lung Tobacco Co., North Honan Road. The complainant alleged that his company deposited $50,000 with the defendant corporation, which suddenly closed within three months after it was opened. The defendants all failed to appear in Court, and the hearing was ajourned for a week.

Deserving Democrats in Washington, in searching about for new positions for the faithful, discovered that the Library of Congress employed a number of foreigners, among them being eight Chinese. The Democratic job-seekers immediately demanded of the librarian that the Chinese be discharged and the partymen employed. The librarian replied that he would be willing to comply with the request and employ Democrats, however, it would be necessary for them to be able to read and translate literature from the land of Confucius. The Chinese expert translators are still employed, according to a report in the *Brooklyn Eagle*.

Death of Vilhelm Meyer—Dane Who Developed American Business in China

The death occurred in Shanghai Jan. 8 at the age of 56 of Vilhelm Meyer, managing director of Andersen, Meyer & Co., Ltd. His last appearance at his office was on May 15 last year, the day he left for Denmark, when he hurried Mrs. Meyer to her home for medical treatment. After the death of Mrs. Meyer, he returned to Shanghai in October but had been confined to his bed by pernicious anemia practically ever since. The late Mr. Meyer was a Danish subject, but was intimately identified with American affairs for the last quarter of a century. He founded the firm of Andersen, Meyer & Co. in 1906 and converted it into an American corporation during the years of the World War. From the very beginning be saw the opportunity in this country for American electric and other machinery, and the corporation which he established has specialized in same ever since. The firm which he founded has been the sole agent in China for the General Electric Company, the Baldwin Locomotive Works, and many other large American machinery houses. He is survived by four daughters, Countess Ahlefeldt-Laurvig and the youngest, Marie, now in Denmark, and Rose-Marie and Annette, who were present at his deathbed.

The late Mr. Meyer was a member of the leading clubs including the Shanghai Club, the Country Club, the American Club, etc. He was also a member of the Thatched House Club in London, the India House in New York, and the Copenhagen Club. The funeral service (cremation) was held at the chapel of the International Funeral Directors, Jan. 10.

Narcotic Plant Discovered in British-Occupied Premises in Shanghai

A narcotic manufacturing plant was discovered in a foreign dwelling house at 361 Amherst Avenue, Shanghai, on the night of Jan. 2, as the result of the Fire Brigade having turned out to extinguish a fire which broke out on the premises. The only person found on the premises were Mrs. V. V. Johnston and her baby. Mr. Johnston had left for England a short while ago. A warrant for the arrest of Mrs. Johnston, who is Spanish-born, was obtained from the British authorities and she was held without bail. After the narcotic manufacturing paraphernalia and material had been discovered the police immediately questioned Mrs. Johnston, but she denied knowing anything about the plant. It is stated that after the fire had been put out in the servants' quarters, which is adjoining the main building and the fire brigade and police officers wanted to enter the house, they were stopped and told that if they wanted to enter the house they would have to obtain a search warrant from the British authorities. This aroused the suspicion of the Police and resulted in the discovery of the plant.

"Opium Den" Found on British Boat in Osaka Harbor

Suspicion as to the unusually large crew on board the s.s. *Chaksang*, 2,358 ton freighter of the Indo-China Steam Navigation company, upon its arrival in Osaka on the morning of December 24 with miscellaneous cargo from Shanghai, led officers of the foreign section of the Osaka water police, while on an inspection tour, to discover an "opium den" among the Chinese members of the crew. The inspectors believed that a crew of about 30 should generally be sufficient to man a vessel of her size. Commanded by the six British officers, including the captain, however, they found a crew of 81 Chinese. In their search of the vessel, the inspector's attention was attracted by strong-scented smoke issuing from one of the Chinese crew's quarters. Within, they found some 10 Chinese lolling in their bunks and smoking opium pipes. Pressing investigation, they discovered that about half of the Chinese crew were opium addicts and were in the habit of using this room secretly.

With a customs official in attendance, the water police confiscated smoking articles and several pounds of the drug. A protest to the captain (according to the *Osaka Mainchi*) brought the reply that due to the fact that half of the Chinese crew were opium addicts, their efficiency was very low and that they became lax in their work as soon as their stimulus ran low. It was therefore necessary to have twice the number of workers than usual.

Reuters' News Agency Head Gets Chinese Decoration

The New Year's Honors List of the Chinese Government included a decoration for Sir Roderick Jones, K. B. E., Chairman of *Reuters*, who was awarded the Order of the Brilliant Jade. The only other British national ever to receive this decoration was Sir Miles Lampson, formerly Minister to China and now High Commissioner for Egypt and the Sudan.

A Martyr to Nervous Headaches.

Nervous headaches, unlike the headaches arising from constipation or disordered liver, or those caused by defective eyesight, are the result of nervous exhaustion—a condition most often due to general debility, overwork or worry. The nerves depend for their strength on the condition of the blood. Nervous Headaches are a definite indication that your blood stream has become weak and thin.

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CUSTOMS NOTIFICATION No. 1419

Notice is hereby given that, acting under instructions received from the Inspector General of Customs, I have to-day handed over charge of the Shanghai Customs to Mr. L. H. Lawford, Commissioner of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 8th January, 1935.

CUSTOMS NOTIFICATION No. 1420

Notice is hereby given that, acting under instructions received from the Inspector General of Customs, I have to-day assumed charge of the Shanghai Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 8th January, 1935.

THE GIST OF JAPANESE PRESS OPINION

Japan withheld her notice of the Washington Pact denunciation until the last moment in order to minimize its undesirable effect. This, together with her sincere efforts to make possible real disarmament should be appreciated by the world.—*Tokyo Jiji.*

American public opinion seems to have quieted after Japan's denunciation notice. This, however, does not necessarily mean American recognition of Japan's stand. Greater efforts must now be made by diplomatic officials here to reach a political agreement.—*Tokyo Asahi.*

In Japan 1934 was a year of unrest and disasters. Political circles remained unsettled; many local districts suffered from drought and flood; and other destructive natural disasters occurred. In beginning the new year, the Japanese must unite more closely and firmly.—*Tokyo Nichi Nichi.*

The unsettled conditions and fatal disasters suffered in different parts of the land only emphasize the necessity for cooperation between the public and the constitutional government. With the new administrative system in Manchukuo, and the denunciation notice issued, we are loking forward to a brighter New Year.—*Tokyo Hochi.*

The Japanese economic circles have witnessed a very reassuring development during the past year. Foreign trade was more active than in the preceding year, and there was a general increase in dividends declared. Successful as the past year was, Japan should make greater efforts for the future. —*Tokyo Chugai*

The existing social unrest comes from the Government incompetency in dealing with the farm relief problem. There is no gainsaying the fact that farmers' distress is increasing despite the temporary relief measures thus far taken. To avert any serious situations from arising, the Government must take definite action.—*Tokyo Yomiuri.*

Judging from the new Budget now made public, it will not be very long before Japan floats ten billion yen worth of loans. With the revenues hardly exceeding Yen 1,300,000,000, it will be difficult to pay even the interest which amounts to Yen 400,000,000. It is imperative that the Japanese protest these loans.—*Tokyo Miyako.*

Despite political instability, economic circles remain calm, but this calmness does not mean stability. For the ever-swelling budget is constantly adding to the possibility of inflationalism and the consequent taxation increase. Until the Government shows how it intends to conquer that instability, economic unrest will remain.—*Tokyo Kokumin.*

The economic life in the agricultural districts during the past year in this country was anything but satisfactory. Despite the Government's relief work, the farmers continued to suffer economic distress throughout the year. The rice control and sericultural reform policies of the Government need further improvement.—*Tokyo Asahi.*

The Government has come to a definite agreement to establish the national policy board under the name of the Ministerial Investigations Board. If the defence and diplomatic problems are not to be excluded from the scope of the new Board's discussions, the Institute may not be entirely useless, provided it is composed of a proper personnel.—*Tokyo Chugai.*

Along with the Government plan of creating the National Policy Investigations Board, the Diet contemplates, as was announced by the new Speaker, appointment of a Standing Parliamentary Committee. Both schemes are to expand the spheres of function and will better administration, if they are judiciously put into operation.—*Tokyo Asahi.*

Labor troubles in Tokyo have been on the decrease, and the current year's returns shows a decrease of 102 against last year. This is due to improved economic condition of workmen and to the realization of national emergencies.—*Tokyo Chugai.*

The preliminary Court finding of the so-called Treasury Scandal involving more than one ex-State Minister, has shocked the country. The scandal is no doubt due to the laxity of the public in controlling the officials.—*Tokyo Kokumin.*

The Seiyukai-Minseito coalition policy seems to be growing gradually shaky. For the sake of the party cause this is to be deplored. The two parties should keep in view their common cause of party government in carrying out their coalition policy. To act in disregard of such cause because of petty difference is to seal their fate forever. —*Tokyo Miyako.*

The political horizon has remained overcast almost throughout the current year. This political instability must be attributed to the Mintstry's failure to enlist the unanimous support of political parties.—*Osaka Asahi.*

The facts of the Treasury Scandal as revealed through the preliminary Court examinations are so serious that the public will lose confidence in the general administrative systems if the accused be found guilty. For the sake of justice, it is hoped that the case will be given thorough consideration. —*Tokyo Asahi.*

Sino-Japanese relations during the past year have not been reassuring. Japan and China are both to blame, but the latter to a greater degree because of her anti-Japanese attitude. Improvement of the situation will be impossible unless she reforms.—*Tokyo Asahi.*

The expansion of the self-governing system in Formosa is being criticized because it is believed that such expansion would give an impetus to the racial movement in the island, Such worry is unnecessary if the system is properly governed.—*Tokyo Nichi Nichi.*

The past year has been a successful one for Manchukuo and has contributed much to the stabilization of the Far Eastern situation. Even though the CER problem remains unsettled the Soviet-Japanese situation is no longer threatening, and Japan's relations with China have greatly improved.—*Tokyo Nichi Nichi.*

America's evident change in her economic policy, judging from the latest remarks made by the Secretary of Commerce, is to be welcomed by all nations.—*Osaka Asahi.*

The Budget for 1935 indicates a remarkable increase. But there is no need to worry because the red figure loans have been decreased. It is true that the Manchurian Incident expenditure for 1935 shows an advance, but this on the other hand serves to bring Manchukuo and Japan into relations closer than ever.—*Tokyo Hochi.*

Shanghai Power Co. Subsidiary Secures Extra-Settlement Franchise

With the granting of a 30-year franchise by the Chinese government January 4 to the Western District Power Company, Federal, Incorporated, U.S.A., for the sale of power in the Western area of Shanghai, one of the thorniest problems connected with the long-disrupted outside roads negotiations has been solved.

What has happened in effect, according to W. Heald, general manager of the Shanghai Power Company, is the legalization by the Chinese government of the sale of power in the Chinese areas of the Western district of the Settlement, and the transference of the lines and equipment of the Shanghai Power Company in the area effected to the new power company.

The negotiations have been proceeding for four years and the franchise is finally granted. The franchise, already effective, will give a much-needed impetus to the extension of power facilities in the Western areas which up to now have been restricted. Work on the extension and improvement of existing lines and the establishment of new lines will proceed without trouble.

All details of the new company have not yet been completed, according to Mr. Heald. The main reason in the past why the extension of power facilities was frowned upon was because the Chinese felt that a Chinese company should take care of the service in their own territory. What percentage of stock in the new company is held by Chinese interests and other details of the new company are still "up in the air," according to Mr. Heald.

The *Sin Wen Pao* reports that $1,500,000 was paid by the company for the monopoly, and that this money will be kept by the National Construction Committee for future use in adjustment of cables when the privilege is restored upon expiration of the agreement. The allowance which the company agrees to pay in return for permission to operate will be given to the Shanghai City Government, it was said. No confirmation on these points was available from the company.

The agreement, according to other Chinese reports, provides among other things that the Power Company shall pay the City Government a sum of $4,000,000 for the franchise and also 5 per cent of the gross revenue every year. Upon the expiration of the agreement in a period of 30 years, the City Government without obligation, the agreement is said to have further provided.

Chinese Ships Which Fly "Manchukuo" Flags

Ships flying "Manchukuo" flags in Manchurian and Japanese ports and Chinese ensigns in Chinese ports are again the target of criticism. It is alleged that these vessels, with their "dual nationality," receive preferential treatment at both Chinese and Manchurian or Japanese ports. The captains of these ships reply that vessels flying "Manchukuo" flags are not recognized by the Chinese Customs and are unable to load or unload cargo in Chinese ports. Therefore, they assert, the Chinese flag has to be flown.

New Books of Interest in the Far East

U. S. Secretary of Agriculture Discusses Government Control

Review of New Frontiers. By Henry A. Wallace. Reynal and Hitchcock, Inc., New York City, 1934. $2.00.

Once more the Secretary of Agriculture has justified the high esteem in which he is held, *New Frontiers* by Henry A. Wallace, Secretary of Agriculture is the work of an able politician and an intelligent economist. Even the opponents of the "new deal" must respect this book and its author.

A hands-off policy by the government and a world in which unregulated competitive business serves the public to the maximum are no longer possible. For a good many years, Mr. Wallace argues, we have had government interference in American economic life. In the past much of this interference has been exercised in behalf of "pressure groups"—the manufacturers tariff lobby, for example. Whether we like it or not, business will not let the government keep its hands off of business. Hence, Wallace thinks we had better be self-conscious about the relations of government to business. We should let the state exercise its power in the interest of all rather than in the interest of organized minorities. Laissez faire is no longer possible. The real issue before the American people is what kind of control the government shall exercise.

Before the turn of the present century, the American people were able to avoid decision on matters of economic policy by truning their unemployed on to the free land that was then available. Now, unfortunately, such an easy escape from unemployment is no longer possible. The frontier is gone. America must come to terms with the fundamental problem of securing a balanced economic order. The issue can no longer be avoided.

What are some of the sources of the lack of balance in the American economic structure? Among other causes, Mr. Wallace mentions: (a) a faulty system of distribution of incomes which makes it impossible for consumers to purchase all of the goods which our efficient mechanical industry can turn out, (b) an erroneous national policy with regard to commodity imports and foreign loans, and (c) the increasing concentration of ownership in certain industries which tends to keep some prices high and inflexible, Particularly is this true of industrial prices. One of the main tasks of the government is to restore balance to our economic life. Agricultural prices must be raised to bring them into line with manufactured prices. The United States government is trying many different experiments to achieve this.

Wallace's account of the Agricultural Adjustment Administration and its attempt to restore the balance between agriculture and manufactures is one of the most interesting features of the book. The difficulties of the farmers spring from the fact that they produce too much—not too much for the needs of consumers, but too much to enable the farmers to sell their products at resaonable prices. The relative over-expansion of agriculture was caused by the intense demand for food during the war. Following the war, the situation was made difficult by the American tariff policy. The duties imposed on imported manufactures not only keep manufactured goods high in price, but they prevent people in other lands from building up their purchasing power in the United States through the sale of their products. Agriculture has suffered because Europeans have not had been able to send goods to pay for the foodstuffs and cotton that they would be glad to buy if they could. The A.A.A. is now trying to repair the damage which has been done to agriculture.

For better or worse, the United States government is now trying to put the economic machine into smooth running order. It remains to be seen whether it can be done. To be successful, such an attempt must proceed according to sound principles. And in addition to the sound principles, the administration must have adroit administrators. Whether President Roosevelt's will be successful in bringing the economic order into balance only the future can tell. *New Frontiers* is an excellent introduction for the use of interested observers of the economic repair work which is going on in Washington.

W. B. Smith.

Wang Ching-Wei Publishes New Book

Wang Ching-wei, President of the Executive Yuan, has just published a new book entitled "China's Problems and the Way to Their Solution." Originally written in Chinese, the book has been translated into the English, German, French and Dutch languages.

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CUSTOMS NOTIFICATION No. 1418·

The public is hereby notified that a Customs Penalty Board of Inquiry and Appeal has now been constituted in accordance with regulations governing its organisation which have been drawn up by the Government. A copy of these regulations is appended hereto.

A set of rules governing the functions of the Board has been formulated by the Government, and a copy is also appended.

It is further to be noted that the following procedure is to be observed in regard to the filing of protests:

1. The protest shall be drawn up in Chinese on the standard form of appeal, which shall be supplied to the merchant on application at the Custom House. If the space provided on the form is found to be insufficient to record all necessary details, an additional sheet may be used.
2. The merchant shall file his protest with the Customs in triplicate within 10 days from the date of receiving the Commissioner's written decision.
3. If the protest is not sustained, the Commissioner shall, within 10 days of receiving the protest, forward two copies of the appeal to the Inspector General under cover of an official despatch, accompanied by a Chinese version in duplicate. He shall also set forth in Chinese the full particulars of the case and his reasons for not sustaining the protest in the "Remarks" column of the appeal form prescribed for this purpose.
4. The decision of the Kuan-wu Shu will be communicated to the Commissioner through the Inspectorate on the standard form of decision in triplicate, one copy of which shall be forwarded to the appellant and the other filed in the Custom House concerned.

H. O. Tong,
Superintendent of Customs.
A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 5th January, 1935.

RULES GOVERNING ORGANISATION AND PROCEDURE OF THE CUSTOMS PENALTY BOARD OF INQUIRY AND APPEAL.

1.—The Board shall be organised by the Kuan-wu Shu of the Ministry of Finance in accordance with the provision of Article 31 of the Customs Preventive Law.

2.—The Board shall be composed of three members on the Kuan-wu Shu staff and two members on the Inspectorate staff to be selected by the Director General of the Kuan-wu Shu.

3.—Should a merchant protest in writing against a decision made by the Commissioner of Customs either in respect of a fine inflicted or of goods confiscated, and if this protest is not sustained, the Commissioner shall, within 10 days from the date of receiving such protest, refer the case to the Inspector General of Customs, giving the reasons for his action and at the same time forwarding a copy of the original protest for submission to the Board for decision.

4.—If the Board considers no investigation is necessary in regard to a case submitted through the Kuan-wu Shu, a meeting shall be held within 10 days to inquire into the matter. It shall require the presence of four members of the Board to constitute a quorum.

5.—The decision of the Board shall take effect after having been approved by the Kuan-wu Shu.

6.—The above rules shall come into force from the date of their promulgation.

RULES OF PROCEDURE GOVERNING FUNCTIONS OF THE CUSTOMS PENALTY BOARD OF INQUIRY AND APPEAL.

Article 1.—The duties of the Board shall be governed by these Rules of Procedure, in addition to the Customs Preventive Law and the Rules governing the Organisation of the Board.

Article 2.—The Board shall be composed of five members, one of whom shall be nominated by the Director General of the Kuan-wu Shu as the chairman.

In the event of the chairman being unable to attend a meeting, he shall nominate one of the members of the Board to act provisionally on his behalf.

In addition to carrying out the duties of chairman at the meeting, the chairman shall be in charge of all affairs pertaining to the Board.

Article 3.—The Director General of the Kuan-wu Shu shall appoint a secretary to the Board, who shall manage all affairs pertaining to the Board in accordance with the instructions of the chairman, distribute notices, deal with correspondence, and file all archives.

The secretary may express his opinion at Board meetings, but he shall have no right of voting.

Article 4.—The Board may request the Kuan-wu Shu to detach members of their staff to render assistance to the Board; in case of necessity, the services of special experts may be engaged.

Article 5.—On receipt of an appeal through the Kuan-wu Shu the secretary of the Board shall immediately send copies of the appeal to the various members of the Board for study, and a date shall be fixed by the chairman for a meeting at which the case shall be discussed.

Article 6.—In the event of the chairman deeming it necessary that investigations should be made regarding a case of appeal transmitted through the Kuan-wu Shu, he may nominate one of the members of the Board to carry out investigations on the spot and report the result of his findings to the Board for discussion.

Article 7.—In the event of the chairman deeming it necessary to summon the original appellant to the Board for questioning regarding a case of appeal transmitted through the Kuan-wu Shu, the Board shall notify the merchant concerned or his representative of the date of the meeting and require him to attend the meeting and answer questions.

Article 8.—In case of necessity the Board may invite responsible officers of the Kuan-wu Shu or the Inspectorate General of Customs to attend the Board meeting and express their opinion regarding the appeal under discussion.

Article 9.—Each member of the Board shall have one vote, and four members shall form a quorum. The case shall be decided by the majority of votes.

Article 10.—After the Board have reached a decision regarding a case of appeal transmitted through the Kuan-wu Shu, the secretary shall prepare minutes of the meeting, which shall be signed and sealed by each member of the Board and thereafter considered as the Board's verdict.

Article 11.—The verdict of the Board shall be submitted to the Kuan-wu Shu for approval. The case may, however, be returned to the Board for reconsideration should the Kuan-wu Shu deem it necessary.

Article 12.—The above Rules of Procedure have been reported to and approved by the Kuan-wu Shu; permission to amend them may be requested if the majority of the Board consider it desirable.